

# The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

In Two Parts

THURSDAY, NOVEMBER 21, 1929

Part One



## Are you protecting your clients' new hazards?

Electricity, automobiles, radio, aviation—civilization advances steadily because of man's *busy-ness*, his constant search for improvement.

Yet that very activity, in building new devices for utility and comfort, creates more things that may be damaged or that may cause damage to existing products or services.

So, man's *busy-ness* is steadily increasing the need for more insurance in many different classes. And the insurance companies are constantly analyzing, rating, and extending coverage to protect these new discoveries.

In your community—are there new businesses, new products! Are there new processes? How do these *new* things affect the old? Do they jeopardize buildings, stocks, homes?

Here is a real opportunity for you to think *ahead* of your clients . . . to lead them to an understanding of new risks . . . and to show them why and how those risks should be protected, in the interests of permanent service to the world.

**Agricultural**  
Insurance Company  
of Watertown, N. Y.

**Empire State**  
Insurance Company  
of Watertown, N. Y.

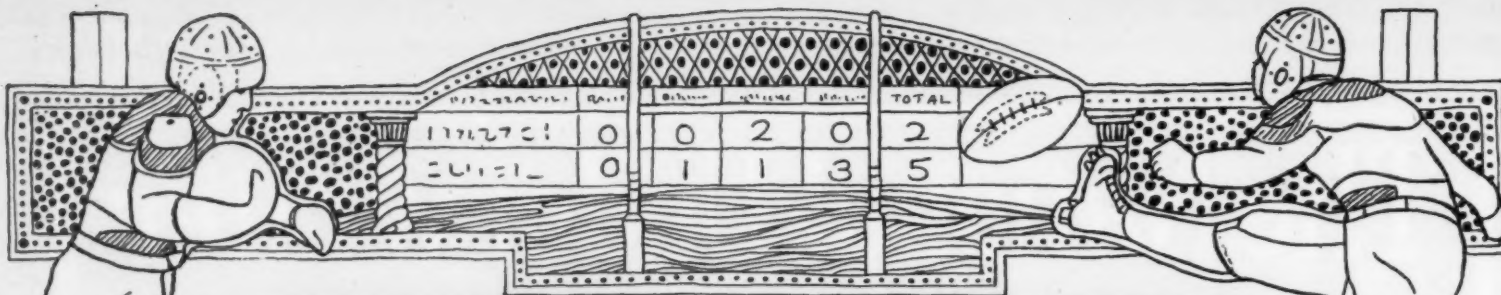


Photo by Pack Bros.

Yale College Team of 1879. Walter Camp, the captain, holds the ball. It is interesting to note that this was the only team that Harvard succeeded in even tying while Camp wore the Yale uniform. In 1875 Yale and Harvard played their first game under so-called Rugby Union rules

## "A Develishe Pasttime"

**A**LTHOUGH the origin of football has been traced to the Greeks and some savage tribes, and Irish antiquarians assert that it has been played in Ireland for over 2,000 years, tradition ascribes to the Roman legions its introduction into northern Europe and England. The real Roman game resembled the modern Association game.

Football was first mentioned in England about 1175. Edward II forbade it in 1314 because of "the great noise in the city caused by hustling over large balls." Sir Thomas Elyot in his "Boke named the Gouvenour" speaks of football as being "nothing but beastely fury and extreme violence" while Stubbs in his "Anatomie of Abuses" (1583) calls it "a develishe pasttime." As evidence of its popularity, Galway, Ireland, in 1527 forbade every sport excepting "onely the great foot balle." The earliest reference to football in literature may be found in the *Knight's Tale* by Chaucer.

The enviable position which the Springfield Fire and Marine Insurance Company holds in the field of insurance is well known. The officers of the Company wish to make equally well known to its agents the many opportunities it offers to them for increasing their business and cordially urges them to make constant use of its many facilities. It is always a pleasure for the Springfield Fire and Marine Insurance Company to co-operate with its agents on any problem or situation that may arise.

### SPRINGFIELD FIRE AND MARINE INSURANCE COMPANY

SPRINGFIELD, MASSACHUSETTS, U. S. A.

GEORGE G. BULKLEY, President

Western Department  
HARDING & LININGER, Managers  
Chicago

Affiliations  
Constitution Underwriters Department  
Springfield, Mass.  
Sentinel Fire Insurance Company  
Springfield, Mass.



Pacific Department  
GEORGE W. DORNIN, Manager  
San Francisco

Affiliations  
Michigan Fire & Marine Insurance Company  
Detroit, Michigan  
New England Fire Insurance Company  
Pittsfield, Mass.



Tested Methods No. 13

# "I'm going to have enough insurance!"

**F**ROM the way Jed Neilan, local contractor, chewed his cigar, Jim Humphreys, Glens Falls Agent, knew that something was wrong.

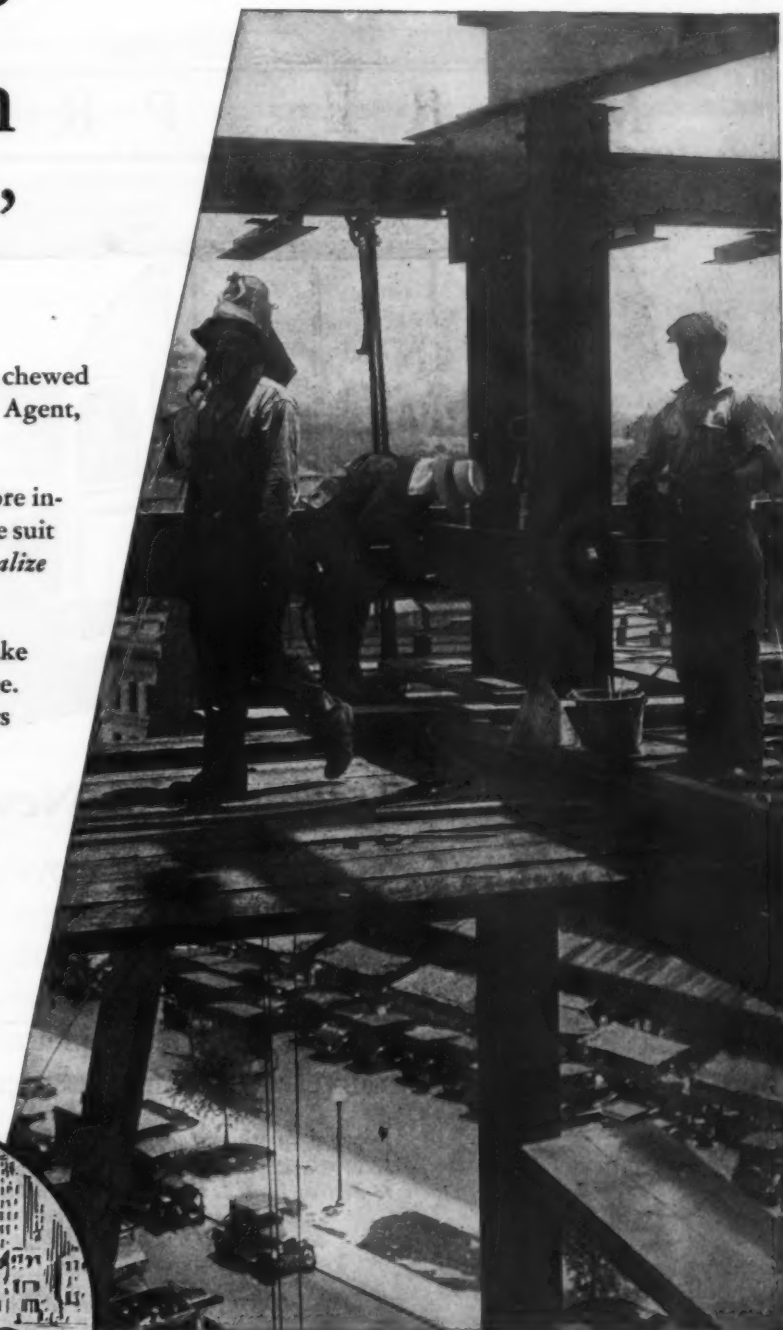
"Hang it all, Jim, why didn't you *make* me take more insurance? Here I am, defendant in a \$50,000 damage suit with a liability policy for only \$20,000. *Do you realize what that means if the case goes against me?*"

"I'm sorry, Mr. Neilan. I advised you to take \$50,000/100,000 limits, but you said 'not a chance. I've never had a man hurt in the twenty-five years I've been in business.'"

"I know," said Mr. Neilan impatiently, "and then what happens? A girder falls and smashes a taxi driver."

"Mr. Neilan, it's a bad situation, and I know it. But what can I do. You can't increase your insurance now to protect yourself in this one case."

"No," said Neilan, "that's the truth and the trouble. But believe me, I can provide for the future. Raise the limits, Jim, and while you are at it, make 'em \$100,000/200,000. From now on I'm going to have enough insurance."



(U &amp; U Photo)

**MORAL:** No client can blame you for consistently trying to sell him all the insurance he needs.

**Glens Falls**  
INSURANCE COMPANY  
Glens Falls, New York

**COMMERCE**  
INSURANCE COMPANY  
Glens Falls, New York

**COMMERCE**  
CASUALTY COMPANY  
Glens Falls, New York

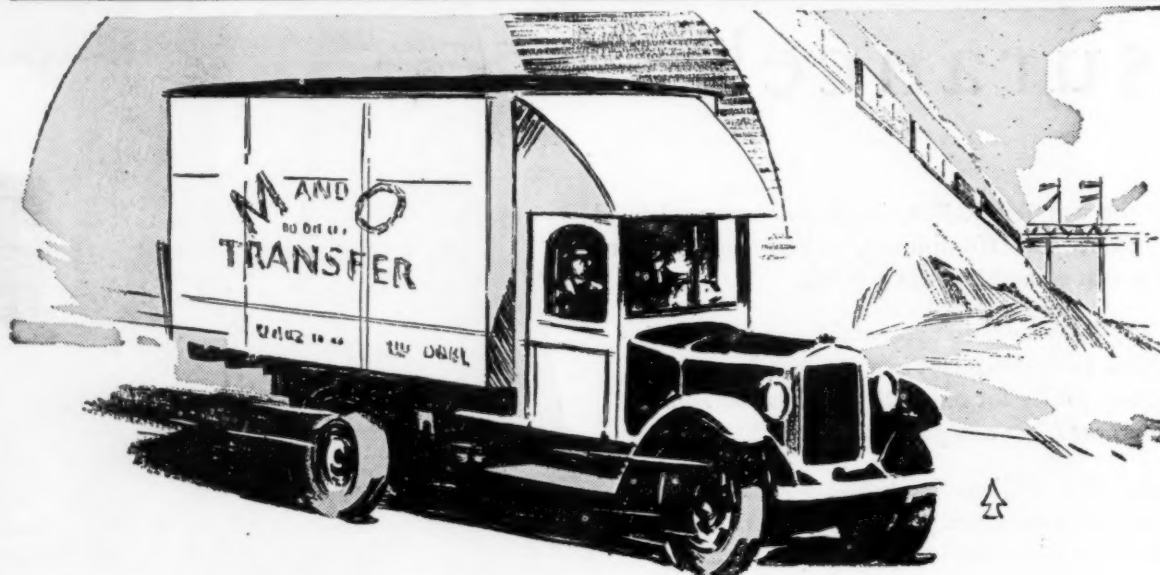
**Glens Falls**  
INDEMNITY COMPANY  
Glens Falls, New York

CHICAGO BRANCH OFFICE  
175 West Jackson Boulevard

NEW YORK BRANCH OFFICE  
84 William Street

SAN FRANCISCO BRANCH OFFICE  
354 Pine Street

## MORE PREMIUMS



### Reaching the Newcomers

**H**AVE you ever thought of moving or van companies as excellent sources from which to get insurance prospects? Many of these concerns handle long distance moving, and are continually bringing newcomers to your city or town. Gain their friendship. Get the names of these newcomers, and you are likely to add new assureds to your books.

*Henry Ford has said: "It isn't the incompetent that destroy an organization. The incompetent never get into a position to destroy it. It is those who have achieved something and want to rest on their achievements who are forever clogging things up."*

## FIREMAN'S FUND GROUP

FIREMAN'S FUND, HOME FIRE & MARINE and OCCIDENTAL INSURANCE COMPANIES,  
and on the Pacific Coast the OCCIDENTAL INDEMNITY COMPANY

FIRE, AUTOMOBILE and MARINE

SAN FRANCISCO

NEW YORK

BOSTON

CHICAGO

ATLANTA



# The National Underwriter

Thirty-Third Year No. 47

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, NOVEMBER 21, 1929

\$4.00 Per Year, 20 Cents a Copy

## Field Watched Very Carefully

Lower Levels of Values May  
Cause a Change in Under-  
writing Practice

### INFLATION HAD EFFECT

Insurance Men Look for Some Far-  
Reaching Results With Prices Get-  
ting to Normal

NEW YORK, Nov. 20.—Fire insurance men may be called upon to revise their underwriting practices and adopt a new policy. Business in general is reflected through the stock market gyrations and its subsidence to lower levels. Primarily the financial crash will have an immediate effect in the creation of moral hazard in persons and concerns where it did not exist during the time of buoyancy. Many people have been literally cleaned out. There are tragedies by the thousands. Many have had to change their scale and style of living because they had been depending on increased income through stock market operations. Others are forced to the wall.

#### Immediate Effect

The immediate effect, therefore, will be the tendency to cash in on insurance where the line of resistance is weakest. Companies writing fur and jewelry policies already have evidences of efforts to impose on them. Doubtless many owners of automobiles can conveniently arrange for their theft or burning in some secluded spot or along the road little traversed. The automobile market has been hit. Thousands that had contracted for cars have cancelled their orders forfeiting the deposit. Dealers in luxuries of various kinds will feel the lessened buying power. Therefore underwriters will watch the corners very carefully, will sense new conditions and will endeavor if possible to ferret out any indication of danger.

#### Scope of New Price Levels

What interests the far-seeing underwriter the most is the change that may come involving all activities where inflation has been in progress. Stock values have been inflated. There has been a bull market for a number of years. The crash was delayed far longer than anyone anticipated. The shares had risen to heights where the yield was comparatively insignificant. There was no roof seemingly to stay this. Now the bubble is burst and shares will undoubtedly seek more nearly their proper level so that when one buys substantial stocks he will get a yield commensurate with the hazard of investment. The stock market probably is but a reflection of conditions up and down the line. Inflation and false values can be found everywhere. In some lines labor prices are far too high. Wages in some indus-

## American Aviation Insurance Expanding

REACHING TO OTHER SIDE

Horatio Barber Goes Abroad to Extend  
the Realm of His Group of  
Companies

NEW YORK, Nov. 20.—Expansion of American aviation insurance interests into foreign markets is to be undertaken, Horatio Barber, president of Aero Underwriters and the allied group of companies, indicating this on the eve of sailing for Europe for a short visit this week. He sailed on the "Berengaria" today and stated, before sailing, that his corporation is working in harmony with aircraft export interests and foreign insurance and aero engineering concerns, out of which combination he contemplates improved export sales facilities for aircraft and additional business for his group.

#### Reach Into Foreign Field

The Aero group, consisting of the Aero Insurance Company, Aero Indemnity, Aero Engineering Company the underwriting firm of Barber & Baldwin, have been doing an increasingly satisfactory foreign business and now it is understood an organization is to be established abroad for the purpose of better developing that branch of the business. This is of special interest, as it is the first expansion in that direction of aviation insurance, international efforts in the past having been in the opposite direction. It is, in fact, one of the comparatively few instances in which American insurance interests are seeking foreign markets.

Mr. Barber is well qualified to organize and develop business across the water, as he was the pioneer aviation insurance underwriter in Great Britain prior to his coming to America to write the first aviation policy in this country. In commenting on business, Mr. Barber also said that he was optimistic as to the future of aviation and aviation insurance, as the record of his group of companies pointed to the great development of the trade. The Aero group has approximately doubled its business during this year, and with satisfactory results, and this is pointed to as an accurate index to the soundness in general of the aeronautical industry.

## Two Secretarial Men Are Being Mentioned

Much interest is being taken as to the probable action of the executive committee of the National Convention of Insurance Commissioners in electing a successor to Secretary Joseph Button of Virginia, who has resigned as commissioner. So far but two men have been mentioned in connection with the office, Jess G. Read of Oklahoma, and A. S. Caldwell of Tennessee. The choice will likely fall to one of these.

tries had gone beyond reasonable limit. Prices of different commodities had increased until the purchasing power of  
(CONTINUED ON PAGE 19)

## Lincoln Fire to Take Place of the Urbaine

JAMES & CO. ARE MANAGERS

French Company Is to Resume Its Direct  
Agency Business in  
This Country

The Urbaine Fire of Paris, France, will discontinue writing direct agency business in the United States Dec. 31 and thereafter will continue only its treaty reinsurance operations. The Urbaine Fire is represented by Fred S. James & Co., who are United States managers.

The Lincoln Fire of New York replaces the Urbaine in the James' office and will reinsure all the direct agency business of the latter company. Fred S. James & Co., therefore, will have under their management the Eagle Star & British Dominions, Lincoln Fire of New York and General Fire of France.

The Lincoln Fire was organized in 1923 to write reinsurance only. It has been very successful in its line and now feels that an opportunity is now offered for writing direct agency business. Its capital and surplus Jan. 1 were \$2,465,562, assets \$4,647,331. Last week the stockholders voted to increase the capital from \$800,000 to \$1,000,000 and to add an additional \$600,000 to surplus. Fred S. James & Co. is one of the highly regarded insurance firms of the country and has a large agency plant for its companies.

## Milligan Slated to Be Elected Head of E. U. A.

NEW YORK, Nov. 20.—In the anticipated refusal of R. M. Bissell, president of the Hartford Fire, to consider reelection as president of the Eastern Underwriters Association at the annual meeting on Dec. 5, the probabilities are that Edward Milligan, president of the Phoenix of Hartford and now ranking vice-president of the E. U. A., will be chosen.

Mr. Bissell has been head of the E. U. A. since its organization, having been the guiding force in its formation three years ago, and the success of the body is in large degree due to his administrative ability. In the event of his determination to retire and the selection of Mr. Milligan as his successor, the same high character of management will be assured.

Mr. Milligan has ably seconded the efforts of Mr. Bissell in handling the association's affairs for the best interests of fire insurance, and the policies that have controlled it thus far will be continued in the event of his elevation.

#### AMERICAN EQUITABLE WINS CASE

Decision favorable to the American Equitable of New York was handed down by the United States district court in New York in the action against it by H. Mutzenbecher, Jr., of Germany, acting through the alien property custodian to collect nearly \$500,000 alleged due under a reinsurance commission arrangement.

## Chapman & Co. to Sell Interest

Chicago Investment House Dis-  
poses of Fire Insurance Co.  
of Chicago

### DAY REMAINS PRESIDENT

Massey Wilson Negotiates Purchase of  
45,000 Shares for Insurance  
Investment Company

At a stockholders' meeting of the Fire Insurance Company of Chicago this week, the deal whereby the Insurance Investment Company of St. Louis purchased 45,000 shares of stock owned by the investment house of P. W. Chapman & Co. of Chicago was ratified. Darby A. Day, manager of the Union Central Life in Chicago, continues as president. O. F. Looker of Detroit, who is a son of the late President O. R. Looker of the Michigan Mutual Life, was elected secretary. Mr. Looker will be in charge of the home office which is located on the 23rd floor of the Bankers building, Chicago. E. H. Henning becomes vice-president and general counsel. He is a Chicago attorney.

#### Massey Wilson Chief Factor

Massey Wilson of St. Louis, well known life insurance executive, was the main factor in bringing about the deal. Mr. Wilson is the chief owner of the Federal Reserve Life of Kansas City, Kans., and the Agricultural Life of Bay City, Mich. Some years ago he was president of the International Life of St. Louis but sold out some years ago to other interests. Mr. Wilson said following the meeting that the company would engage in the fire insurance business in a modest way, feeling itself along until business conditions become settled. He stated that he was interested in having the company managed in a conservative manner. A Chicago agent will be appointed immediately.

#### Owens the Iowa National

The Fire Insurance Company of Chicago has its \$2,000,000 capital paid up and \$300,000 surplus paid in. There are a number of outstanding payments to be collected. It owns the Iowa National Fire, it being carried at \$650,000. Mr. Wilson said that Mr. Day would continue as president as he desires to take advantage of his administrative ability and counsel.

The hold-over directors are Mr. Day; Harold W. Letton, formerly United States manager of the Netherlands; B. J. Grigsby, the Grigsby-Grunow Company; Samuel M. Hastings, former president of the Illinois Manufacturers Association; M. B. Orde; E. G. Paulding; Charles A. Pipenhagen.

The new directors are: O. F. Looker; Attorney E. H. Henning; Garth B. Mel-  
(CONTINUED ON PAGE 19)

## Home Revises Chicago Plans

**J. K. Lesch Is Appointed General Manager, Supervising All the Activities**

**H. G. BUSWELL RETIRING**

**Various Departments Centered in the City Will Be Coordinated Under This Administration**

Owing to the fact that Henry G. Buswell, Chicago and Cook County manager of the Home of New York group, will retire from business Dec. 31, the company has decided to make a readjustment of its arrangements in that city, owing to the growth and increasing demands of the various departments. Aside from the Chicago and Cook County department, the farm, business development, marine, improved risk and Illinois state agency departments are centered there. They having now no coordinating official, J. K. Lesch of Lesch & Cornell, managers of the farm department, is appointed general manager of the Home group in Chicago, having supervision over all activities centering there. Each department will have a manager, who will primarily be in charge with Mr. Lesch superintending all activities. E. R. Hurd, assistant Chicago and Cook County manager, will become manager on Mr. Buswell's retirement.

### Mr. Buswell's Career

Mr. Buswell has had a long and successful career in his position. He is completing 45 years of service with the Home, having started with the company at the head office in 1885. The Home had a local agency in Chicago, Ducat & Lyon, when it was determined to establish a branch office. Mr. Buswell at that time was chief underwriter for the western department at the head office, he being a brother of the late Frederic C. Buswell, who served as vice president for many years and was president for a short time until his tragic death. H. G. Buswell located in Chicago in 1903, taking charge of the Home's affairs in Cook County.

### Prominent in Organizations

He has not only been successful in administering the affairs of his office, but he has been conspicuous in the Chicago insurance organizations, especially the Chicago Board. He served as treasurer of that organization from 1906 to 1911, rendering valuable service as its chief financial officer. He was vice president for three years ending 1914, and was president for three years ending 1917. Mr. Buswell's work with the Chicago Board brought him many encomiums. He will continue to reside at Evanston, Ill., where he owns his home, but will give the better part of his time to the pursuits of leisure. The Home has made suitable and liberal provision for Mr. Buswell in his retirement.

### Lesch Long With the Home

Mr. Lesch started as a young man in the Home's western farm department, giving close application to all the duties assigned him. He learned the business from the ground floor, was ambitious to forge ahead and soon gave evidence of greater capacity. He became one of the underwriters, and then was sent to Kansas City in 1900 as special agent. In the field he gave evidence of business building capacity as well as underwriting.

(CONTINUED ON PAGE 18)

## Home's Chicago Arrangements



**HENRY G. BUSWELL**  
Retiring Chicago Manager



**J. K. LESCH**  
Appointed General Manager

### Marsh & McLennan Handle Southern Pacific Business

E. C. F. Knowles, executive vice-president of Marsh & McLennan at San Francisco, announces that his firm has been appointed insurance brokers for all of the insurance needs for the Southern Pacific System for all forms and classes of insurance throughout the entire country. The Southern Pacific System is said to be one of the three largest corporations in the United States.

### Branch Office Moves

The Chicago branch office of the Nebraska Indemnity will be moved this week to larger quarters in room A-1311 Insurance Exchange. H. J. Headrick is manager, having been appointed when the branch was opened April 1. The branch has jurisdiction over northern Illinois.

### Blue Goose Entertainment and Golf Committees Named

Most Loyal Grand Gander D. L. McCoy has announced the entertainment and golf committees of the Blue Goose grand nest. J. D. Taylor, most loyal gander of the Dakota pond, Grand Forks, N. D., is general chairman of the entertainment committee and D. P. Lemen, Sioux Falls, S. D., resident chairman.

George J. Mullin, San Francisco, is general chairman of the golf committee. A. L. Newberger, Fargo, N. D., is resident chairman.

W. J. Hatcher, Milwaukee, has been reappointed historian of the grand nest.

### Will Meet in Toronto

The Canadian Fire Underwriters Association will hold its semi-annual meeting in Toronto, Dec. 10.

## CONDENSED NEWS OF WEEK

The Insurance Investment Company of St. Louis purchases controlling interest in the Fire Insurance Company of Chicago. **Page 3**

Barber & Baldwin undertaking to expand American aviation insurance abroad. **Page 3**

Insurance companies may have to revise their underwriting practices if lower levels in prices prevail. **Page 3**

Virginia Corporation Commission orders big reduction in fire insurance rates. **Page 5**

Louisiana agents gain strength at Lafayette annual meeting. **Page 6**

J. K. Lesch made general manager of the Home of New York in charge of all Chicago departments. **Page 4**

General meeting of automobile writing companies will be called to act on the new centralization plan. **Page 4**

Special advisory committee is appointed by the National Association of Insurance Agents to assist the executive committee in revising the constitution and by-laws. **Page 8**

Urbaine of Paris will retire from the United States and be replaced in the Fred S. James & Co. management by the Lincoln Fire of New York. **Page 3**

The annual meeting of South Dakota agents held in Huron. Jay B. Allen elected president. **Page 6**

Casualty Actuarial Society holds annual meeting in New York. **Page 35**

South Dakota leaders discuss ethics at annual agents' convention in Huron. **Page 5**

Many meetings are scheduled for New York City in the Astor House the week of Dec. 9. **Page 5**

Louisiana Insurance Society in annual meeting at Lafayette. **Page 6**

James L. Case tells North Carolina federation that agency qualification laws are good, but are not a panacea. **Page 13**

Commissioner Fishback of Washington wins supreme court decision that he has authority to prohibit the filing of rates lower than those furnished by the Washington Rating Bureau. **Page 6**

William N. Bament, vice-president and general adjuster of the Home of New York, is dead. **Page 5**

George R. Kendall of the Washington Fidelity National is elected president of the Industrial Insurers Conference, which will hold its next meeting in Chicago. **Page 33**

E. A. Johnson of the Inter-Ocean Casualty tells of methods he has used in building up an accident and health agency organization. **Page 34**

Charles M. Randall, formerly vice-president of Joyce & Co. of Chicago, has been made resident vice-president of the Consolidated Indemnity in Chicago. **Page 33**

Illinois department of Employers' fleet of Boston holds annual get-together. **Page 35**

## Favorable Turn as to New Plan

**Many Officials Feel Time Has Come to Stabilize Automobile Line**

**TO HAVE MEETING SOON**

**Committee Is Confident That the Centralization Project Will Be Adopted by Companies**

NEW YORK, Nov. 20.—Responses received by the committee on reorganization of the National Automobile Underwriters Conference to its request for company opinions on the program evidence cordial support of its general features.

Criticism is directed mainly against the suggested method of handling finance business. A general company meeting will be held at the Hotel Pennsylvania here on Dec. 3, two days in advance of the annual gathering of the Eastern Underwriters Association. The automobile meeting will be an all-day affair.

If replies are a criterion, the success of the reorganization program is believed to be assured. Because of conflicting interests it was a foregone conclusion that a compromise would be necessary. The present arrangement was prepared to that end.

### Much Labor Was Involved

No one save those who prepared the agreement could conceive of the difficulties encountered in the work. That a plan so generally satisfactory was finally evolved is a tribute to the committee and others who labored on the plan. While the committee is made up of a number of the foremost officials in the fire business and all were kept constantly informed as to progress, several members were unable to attend all of the sessions and were represented by associate officers.

There was no clashing of opinions at the numerous sessions. To an unusual degree credit must be assigned Guy E. Beardsley, vice-president of the Aetna, who served as chairman. Personally highly popular with his managerial associates, Mr. Beardsley proved himself an admirable presiding officer, diplomatically keeping the wheels well oiled.

### Business of Great Size

The automobile line is something more than a sideshow in the fire insurance business, it may be appreciated when it is realized that premiums of stock companies on the class last year ran over \$110,000,000, and the mutuals wrote close to \$25,000,000 more. The business too is closely allied to the fire line, many assureds carrying both types of indemnity with the same companies. It is a business susceptible to the greatest expansion, especially with respect to collision. This is a cover that it is intended to develop aggressively in future.

### Officials to Be Present

Advocates of the reorganization plan base their expectation of its adoption at the general meeting partly upon the keen interest displayed in the proposition by the majority of the big executives who heretofore have delegated the direction of the automobile line largely to their subordinates. It is expected that practically every important company will be represented at the meeting Dec. 3 by its leading official and by his lieutenant in immediate charge of automobile business, and it is fully

(CONTINUED ON PAGE 19)



## Order Virginia Rate Reduction

Corporation Commission Finds Profit on Fire Insurance Excessive in State

### TO SMOOTH INEQUALITIES

Valley Zone Figures to Be Minimum—Views on Banking Profits Not Disclosed

RICHMOND, Nov. 20.—In an order entered late today, the Virginia state corporation commission directed that fire and lightning rates (other than sprinklered risks) be lowered so that the net premiums of the companies shall be reduced not less than \$834,310 per annum. The commission stated that it had found in its inquiry into the situation that the rates charged by the companies during the period from Jan. 1, 1923, to Dec. 31, 1927, inclusive, have produced and are producing a profit in excess of what is reasonable and that the rates filed by the companies for future application will also produce a profit in excess of what is reasonable. The companies are required to submit a new classification of risks with rates applicable thereto within thirty days from Nov. 20, 1929, which shall meet with the approval of the commission, and shall comply with the following provisions:

#### Five Rules Laid Down

1. The said rates and classifications shall be such as to effect in the net premiums by the 158 companies doing business in Virginia a reduction in premium income of as near as may be \$834,310.
2. Rates applicable to what is now known as the valley zone shall be maintained as "minima," except where departure from this rule is specifically justified by the companies.
3. In applying the reduction as herein ordered, the present existing rates shall be maintained in all instances as "maxima".
4. Within the limitations above defined, the reduction ordered shall be so applied as to remove, as far as is practical at this time, the differences existing in basis and final rates between the Virginia general, southwest, piedmont and valley zones.
5. Rates on the eastern shore shall remain as at present existing.

#### Must Keep Zone Records

It was further ordered that on all classes of risks in which a different rate is maintained in different zones in the state all companies maintaining such differences shall after Jan. 1, 1930, preserve accurate records showing the burning ratio and loss ratio of each class in each zone and in each county and city of such zone and shall make an annual report to the commission with accurate tabulation of the information from which the burning ratio and loss are determined.

Companies are permitted to continue the use of both the three-fourths value and coinsurance clauses.

Although the order was based on a study of figures and records of stock companies and is directly applicable to them the rate making principle worked out by the commission also applies to mutuals and reciprocals and it is estimated that there will be a material re-

(CONTINUED ON NEXT PAGE)

## Many Meetings Scheduled for Week of Dec. 9

The week of Dec. 9 in New York will be a notable one as it will again be the great insurance week of the year, with many insurance men foregathering in the Hotel Astor. There are always two major meetings. The first is the National Convention of Insurance Commissioners which starts Dec. 9. The Association of Life Insurance Presidents has its convention Dec. 12-13. The insurance commissioners naturally draw a large number of company officials and organization men. Because so many insurance men go to New York on that week it has been found convenient to hold committee meetings, personal conferences and the like.

#### Various Meetings Scheduled

Among the other meetings will be the annual convention of the Insurance Federation of America. The Association of Life Insurance Counsel will also have its annual rally. The executive committee of the National Association of Insurance Agents will hold a meeting as will the officers and executive committee of the National Association of Casualty & Surety Agents. The Health & Accident Underwriters Conference executive committee will hold a meeting. The American Life Convention's executive committee will meet at that time.

The meeting of the insurance commissioners will be unusually important because a new secretary will have to be chosen to succeed Joseph Button, who has retired from office. This means, too, that the commissioners will have to have a new chairman on the committee of examinations which is a decidedly important one.

#### Examiners Club Meets

The Chicago Association of Fire Insurance Examiners will hold its next meeting Thursday, this week. It is designated as "Managers' Night." S. H. Quackenbush, manager of the Westchester, will be the speaker, his subject being "Observations of a Former Examiner." Mr. Quackenbush is an underwriter of acknowledged ability. He has had an extended experience in the field and office.

#### James M. Harris Injured

The many friends of James M. Harris, special agent for the North America, with headquarters at Wichita, Kan., and past most loyal gander of the Kansas Blue Goose are hopeful that he will save his right eye, which was badly injured in an automobile accident last week. Stitches necessary in the eyelid have now healed and the bruised eye is clearing up so that he will be able to leave the hospital this week if further infection does not set in and require the removal of the eye, which was feared for several days. Mr. Harris was returning to Wichita in a snowstorm when a truck forced him from the pavement, causing his car to skid into the rear wheel of the truck. The impact threw him against the steering wheel, causing the eye injury.

#### Tembler Has Little Effect

NEW YORK, Nov. 20.—The Allegheny County (Pa.) committee of the Eastern Underwriters Association met here Nov. 19. So far as could be learned not a single inquiry for earthquake insurance was received here as a result of the shakes that occurred along the Atlantic seaboard from New York to Nova Scotia, Monday night. Rates for the coverage range from 15 to 50 cents annually, according to risk classification, with the 50 percent clause. Very little of the business is written in the east.

Reed's "Adjustment of Fire Losses," one of the latest books on the subject, is sold by The National Underwriter at \$4.

## Veteran Dies



W. N. BAMENT

William N. Bament, vice-president and general adjuster of the Home of New York, died suddenly Saturday at his home in Orange, N. J. He was at his office the Wednesday before he died. Funeral services were held at his home Tuesday afternoon. He was one of the leading authorities on fire losses in the country, having been engaged in that line nearly all his life. He was a native of Cincinnati, having been born there Oct. 9, 1858. He started with the old Insurance Adjustment Company in Cincinnati which was the first adjustment company of the kind organized. In 1866 he became general agent of the California in the middle west. It retired in 1892 and then Mr. Bament became special adjuster for the Home with headquarters in Chicago.

When the Western Adjustment started its extension policy in 1900 Mr. Bament opened the Cincinnati branch. In 1903 he became assistant general manager of the Western Adjustment at Chicago headquarters. The following year he went to New York as general adjuster for the Home and in 1927 he was elected vice-president. Mr. Bament frequently contributed to the literature of the business, taking up various loss subjects. He was in demand as a speaker and writer because of his wide knowledge.

#### Conference on Collections

Tired of spending an undue proportion of their time in collecting agency balances special agents in the New York suburban territory and the eastern section of the state, held a series of conferences this week considering the most effective means for dealing with chronic offenders; agents who for years have made a practice of holding up their accounts for five to six months, or twice the period permitted under the state law. One difficulty encountered in adopting heroic methods is the announced willingness of certain new companies in the field to not only extend liberal credits to local men controlling profitable risk classifications, but to so finance the delinquent agency as to permit the liquidation of its obligations to companies long in the office, with the proviso, of course, that all expiring lines as well as new business be turned over to the newcomers. Competition of this character is exceedingly hard to meet, and special agents are frankly in a quandary over the matter.

#### Federation Directors Meet

PHILADELPHIA, Nov. 20.—The directors of the Insurance Federation of Pennsylvania held their quarterly meeting last week. J. Dallas Smith, manager of the bonding department of the Philadelphia branch of the Fidelity & Casualty, was elected a director to fill the unexpired term of the late Sydney H. Pool.

## Take Up Ethics at Huron Meet

South Dakota Agents' Leaders Discuss "Golden Rule" As Applied to Insurance

### RECOMMENDATIONS MADE

President Weller, Jay B. Allen and State Official Occupy Prominent Places on Program

HURON, S. D., Nov. 20.—Ethical considerations were discussed at length here in the annual meeting of the Insurers of South Dakota by President A. W. Weller of the association and by Jay B. Allen of McKinney & Allen, Sioux Falls. F. L. Perry, South Dakota industrial commissioner, spoke about workmen's compensation.

Mr. Weller presented 10 important recommendations upon which he asked united action by the agents. Mr. Allen mentioned that his agency will celebrate its fiftieth anniversary this year and declared that the founders adopted the "Golden Rule" as their basis of operation, believing in ethical dealings, not only with customers, but with clerks and competitors.

#### Weller Asks State Aid

Mr. Weller discussed accomplishments of the National Association of Insurance Agents and said South Dakota should help by seeking to get the state out of the insurance business.

"It is startling to realize that South Dakota, with the single exceptions of North Dakota, writes more forms of state insurance than any other state in the Union," he said.

"We can further foster legislation to make the requirements for licensing of mutuals more nearly on a par with the requirements for stock companies. These things cannot be done in a day or in a year, but in time if we will all push together they can be accomplished."

#### Takes Up Code of Ethics

Mr. Allen discussed the code of ethics adopted by the National Association of Insurance Agents at its Detroit convention. He said in conclusion:

"Without doubt the good work already done will be continued and within a few years a code of ethics will be evolved that will include all of the relationships involved in the great enterprise of insurance."

F. L. Perry, industrial commissioner of South Dakota, commented on the workmen's compensation law, giving facts as to its coverage.

He said that in one year ending June 30 there were 5,518 accidents, 5,292 of these occurring among men and 226 women. For the 13 years the act has been in operation there was a total of 44,923 accidents, including 253 fatalities.

#### Compensation Payments

Compensation payments for the last fiscal year amounted to \$185,979, which is \$17,629 less than the previous year, but somewhat larger than the average for the 12-year period, which was \$147,696, or for the entire period, \$1,772,363. Medical and hospital payments were \$93,769 for the last fiscal year and totaled \$789,359 for the 12-year period. These payments were \$6,787 less than the previous year, but were higher than the 12-year average, which was \$65,779. Total of all payments for the 12 years was \$2,561,722. The total administrative cost for the year was \$4,854, or 87.65 cents per claim filed.

## Fire Losses and Condition of Crops Run Parallel

### SOUTH DAKOTA AGENTS MEET

Commissioner Lewis Presents Graphs—  
Jay B. Allen Elected President of  
State Association

#### NEW OFFICERS ELECTED

President—Jay B. Allen, Sioux Falls.  
Executive Vice-President—H. L. Williams, Aberdeen.

Secretary-Treasurer—J. D. Dux, Sioux Falls.

Regional directors to be named by executive committee.

HURON, S. D., Nov. 20.—One of the main features of the annual meeting of the South Dakota Association of Insurers here Monday was the talk by Commissioner Don C. Lewis, who with a graph indicated that the fire losses and the crop conditions of the state run in parallel paths through a series of years. This does not apply to farm losses alone but to all losses as the prosperity of the state depends to a large extent on agricultural conditions. When there are series or even sections of the state with poor crop yields the fire losses grow. When the crop brings prosperity to the state the fire losses go down, his argument from this showing being that local agents should keep close watch in sections of short crops so far as risks are concerned, and if necessary to see that the risks are reduced, or if necessary cancelled to protect the situation. This he said was their duty to the public and the companies they represent.

#### Difficult to Secure Convictions

Heavy fire losses are reflected in increased insurance rates, so the public after all has to pay the bill. Mr. Lewis also called attention to the risks in smaller towns of the state which are in their decadence. These should be watched with care as there are generally many fires under such circumstances. He called attention to the difficulty the department meets in securing convictions on arson charges, and where there are suspicious fires the department is advising the insuring companies to use care in adjustments and to contest shady claims to the limit before they make payment.

The question of installment payments of premiums brought out a great deal of discussion with the general view expressed that such issues should be largely in the hands of the local agents familiar with the moral risk rather than attempted to be collected by the companies, and further that such payments should be arranged on a monthly payment basis.

#### U. & O. Cover Discussed

Use and occupancy insurance was widely discussed, and indicated that many of the agents know very little about that line and had not attempted to push it except in the larger towns, with the idea that it did not apply to smaller ones.

It was decided that a group of meetings over the state was advisable as well as the fact that the legislative committee should have better backing in securing such laws as would build up the agencies and limit state insurance.

Resolutions were passed favoring an agents' qualification law and securing an amendment to include casualty and surety agents in the scope of the resident agents' laws, urging stock companies not to reinsure mutuals, reciprocals and self insurers, reaffirming the Milwaukee declaration and declaring that no agent of companies violating the Milwaukee declaration be eligible for membership in the association. Compulsory automobile insurance and companies financing installment payment of insurance premiums were opposed.

## Louisiana Agents Gain Strength at Lafayette

### PASS DECISIVE MEASURES

Annual Meeting Develops Prediction  
Entire Eligible Force of State  
Soon Will Be Members

LAFAYETTE, LA., Nov. 20.—Attendance of 85 local agents from all sections of the state was recorded here this week at the annual meeting of the Louisiana Insurance Society. Discussions led by L. W. Collens showed overwhelmingly in favor of local exchange organizations. Six local boards were organized in the past three months and applications made for five more.

Reports showed 912 fire agents in Louisiana, of which 505 are eligible for association membership.

Terrel Wassley created unanimous sentiment in favor of the premium payment clause in policies with enforcement rules to provide a uniform method of collections. The convention by unanimous vote refused to take cognizance of the separation movement, leaving the right of contract between agents and companies to free operation under the law.

#### Rating Bureau Praised

Much praise was given the rating bureau for its efficient service, and John X. Wegmann was given an ovation as immediate past president who perfected the bureau organization.

Bryan Bell struck the keynote in his discussion of enforcement of association rules and the conference decided to force members to abide by decision of the executive committee when companies were declared in violation of principles.

L. A. Williams provided in his discussion for continuance of the general manager plan. John D. Saint was given great credit for the work done in the past two months, during which the membership was increased 27 percent.

#### Take Decisive Action

The executive committee met and considered several matters. Complaint of a local exchange about a company which had started with a nonboard agent resulted in finding the company in violation and the general manager was instructed to bulletin agents and enforce provisions. The name of the company was not given.

All sessions were well attended and enthusiasm ran high. Louisiana agents soon will muster a strength of 500 members, the maximum of eligible agents, it was predicted.

## Order Virginia Rate Reduction

(CONT'D FROM PRECEDING PAGE)

duction in rates of these concerns in some instances.

In computing profits on which the reasonableness of rates could be based, the commission did not take into consideration income on capital, surplus and undivided profits, except such part as may be considered allocable to Virginia business.

The average yield from investment of capital used in Virginia fire business of the 158 stock companies whose experience was used as a basis for rate regulation was found to be \$42,850 for the five-year test period or 3.454 percent.

It was found further that 2 1/4 percent of Virginia net fire premiums is sufficient allowance on account of the conflagration hazard.

Attacks of the companies on constitutionality of the state rate-fixing act were found to be not well grounded. Consequently validity of the act was upheld.

## Leaders Discuss Problems in Louisiana Agents' Meet

### URGE STRONG UNITED WORK

Non-policy-writing Appointments Criticized—Organization of More Exchanges Is Recommended

LAFAYETTE, LA., Nov. 20.—Discussion of non-policy-writing agency appointments and the influence of local exchanges in the future of the American agency system were features of the mid-year conference of the Louisiana Insurance Society here this week.

Matt G. Smith of Baton Rouge, president; Warren Berwick, secretary-treasurer; Commissioner John D. Saint of Louisiana, acting as temporary business manager of the society, and Lancaster W. Collens, president of the Baton Rouge Insurance Exchange, contributed their views and reports on important questions.

#### Smith Contributes Views

"One of the most serious matters which confronts our agency system today is the non-policy-writing agent, and it behooves every agent that is a member of our organization to work with a view of eliminating this evil practice in our business," Mr. Smith said. "We should accept commissions of authority only from those companies which are cooperating with us and believe strongly in our agency system."

Warren Berwick, secretary-treasurer, said, "The work of this association has grown to the point where it taxes heavily the time of the secretary-treasurer, and with the plans which have been suggested for future extension work, I am recommending that the work be consolidated under one office, to be headed by a business manager."

#### Annual Move Is Inefficient

"The question of the secretarial office being moved each year from one town to another has resulted in considerable confusion to the records and since this society is incorporated with its legal domicile in the city of Baton Rouge, the business office should be located there and all the clerical and managerial duties headed in that office."

Lancaster W. Collens, president of the Baton Rouge exchange, led discussion on "What the Organized Local Exchange Has Done for Our Members."

"To my mind," he said, "a strong local exchange is a necessity in any town where there are two or more agents doing business, if for no other reason that its first purpose is to promote ethical practices and clean competition among its members. An unscrupulous agent cannot exist long in a town where the dependable agents are banded together and doing business under rules founded on fundamental principles."

#### Saint Makes His Report

Commissioner Saint rendered a detailed statistical report, and said in part: "The American agency system is the pioneering distributing system of the United States. Founded in this country more than a century ago, it has grown to great proportions and challenges the world as an efficient and economic method of distributing insurance protection. If you men here are to retain this priceless heritage you must work for it and equip yourselves to meet the changing conditions of the times. You absolutely cannot rely upon any accomplishments of the past to merit a continuance for the future."

"Insurance, as in all major businesses, must progress and the American agency system must lead them all. If you would secure for yourself and future generations this most respected profession, the challenge is laid before you to 'quit yourselves like men, be strong' and in the march of progress carry the baton."

## Washington Case Goes Against the Companies

### RATE DECISION IS REVERSED

Supreme Court Upholds Insurance Commissioner in Assuming Authority as to Lower Tariffs

SAN FRANCISCO, Nov. 20.—Fire companies affected by the adverse decision of the supreme court of Washington considered the verdict Tuesday in San Francisco when Fred G. Clark, Seattle attorney who handled the case of the Continental against Commissioner Fishback, was present to explain the legal angles of the matter. On advice of the attorneys and in complying with the court decision it was later announced that the fire companies involved in the deviations protested by Commissioner Fishback will revert back to the rates in effect prior to those effected after June 27, 1927. This will be the practice starting Dec. 1. Further action on the matter is still undetermined.

The Washington state supreme court has reversed the decision of the superior court of Thurston county, which enjoined Insurance Commissioner Fishback from suspending the license of the Continental for filing deviations from the rates which were filed by the Washington Rating Bureau. Commissioner Fishback in his ruling declared that in the filing of lower rates the Continental had precipitated and aided in a rate war. The supreme court has granted the company 30 days in which to comply with the order.

The lower court declared that the law giving the commissioner this power was unconstitutional. There was a question as to the power of the commissioner. The law had been amended and some omissions in the new enactment made it doubtful as to how far his authority extended over rates. The Continental claimed the right under the law to file reduced rates if it saw fit. The commissioner refused to give his approval and threatened to suspend the license if it deviated from the rating bureau's rates.

## George Booth Is Honored on His 25th Anniversary

NEW YORK, Nov. 20.—George W. Booth, chief engineer of the committee on fire prevention and engineering standards of the National Board, will be the honor guest at a dinner at the Drug & Chemical Club here this evening, in celebration of his 25 years' connection with the organization. The affair was arranged by members of the Advisory Engineering Council, a body composed of managers and other representatives of underwriting bureaus throughout the country.

A. R. Small, vice-president Underwriters Laboratories, will be toastmaster. The speakers will be B. M. Culver, vice-president America Fore companies, and chairman of the National Board's committee on fire prevention and engineering standards; John Kenlon, chief New York fire department, and Ernest Palmer, manager Chicago Board.

Following graduation from the Worcester Polytechnic Institute in 1901, Mr. Booth served as an instructor there for two years, subsequently being connected with the metropolitan water board of Massachusetts, in designing and constructing reservoirs and conduits.

In 1904 he entered the service of the National Board as hydraulic engineer, continuing until 1910, when he was appointed chief engineer.

The committee on fire prevention as a result of its comprehensive reports of municipal conditions has been influential in securing material betterments in water supply and fire department equipment, reducing potential hazards.



**I**NSURANCE men know that back of the Fire Association Fleet is an impressive record of fair dealing over a period of 112 years.

Now the general public is learning these facts through the Fleet's national advertising. Here is a reprint of the advertisement appearing in The Saturday Evening Post of November 16th. It is another example of the type of messages which are acquainting business men and home owners the country over with the notable record of this fine old insurance organization.

Not only are such facts interesting, but they have direct sales appeal. In the case of an insurance company, as in that of an individual, character is all-important. It is inevitable that a wider understanding of the character and policy of the Fire Association Fleet will make it easier for our representatives to secure interviews and get business.

That is the principal object of our national advertising—to help our agents. And we always make it clear that these agents are men of ability and standing, in whom the people of this country may have the fullest confidence.

### *The Fire Association Fleet*

Home Office: 4th and Walnut Sts., Philadelphia

Dept. Offices: Atlanta, Chicago, Dallas,  
San Francisco, Montreal, Havana

Fire Association of Phila.  
The Reliance Insurance Co.

Constitution Indemnity Co.  
Victory Insurance Co.



## A Fire Insurance policy in force for 106 years in this company

**T**HIS is what is known as a "perpetual policy" and those who take out such insurance choose a company which they are confident will be in business and meeting its obligations for an indefinite period.

Perpetual insurance originated in Philadelphia and is written there only, and with decreasing frequency. It is significant, however, that the Fire Association Fleet has more of this type of business on its books than any other company. Eloquent testimony to its reputation for stability and sound management.

The representative of the Fire Association Fleet in your locality can probably give you some new and valuable ideas on insurance. Think of him as a business counsellor, which he is.

### *The Fire Association Fleet*

Philadelphia, Pennsylvania

Almost every kind INSURANCE excepting Life

Fire Association of Phila.  
The Reliance Insurance Co.



Constitution Indemnity Co.  
Victory Insurance Co.

EVERY JUST CLAIM PAID IN FULL SINCE 1817

## Advisory Committee Is to Assist Revamping

### LIEBER IS MADE CHAIRMAN

Constitution and Bylaws of the National  
Association of Insurance Agents  
Will Be Overhauled

A special committee has been appointed by the National Association of Insurance Agents as an advisory committee to act with the executive committee for study and consideration of a complete revision of the constitution and bylaws as authorized at the last annual convention. The special committee consists of George J. Lieber, Detroit, chairman; Frank L. Gardner, Poughkeepsie, N. Y.; Thomas S. Ridge, Jr., Kansas City, Mo.; H. E. McKelvey, Pittsburgh, and Fred M. Burton, Galveston. It is expected that the committee will offer preliminary recommendations at the next meeting of the executive committee, which is scheduled for sometime in January in New York. The executive committee is to make a report at the next mid-year meeting when there will be full discussion of the subject.

#### Interest in Kansas City Plan

The chief interest lies in the proposed Kansas City amendment or some adaptation providing for a closer tie-up of local boards with the national body and making them regularly constituted delegates with one vote for each 10 members. In addition there would be one vote for each 10 unattached members of the state associations in case of a demand for a roll call vote at a national convention. At the present time the state associations are the sole units of membership in the national body.

Mr. Lieber is vice-president of the

## Made Chairman



GEORGE J. LIEBER  
Detroit

George J. Lieber of Detroit, vice-president of the Freese Insurance Agency, is made chairman of the advisory committee of the National Association of Insurance Agents that will work with the executive committee in revamping the constitution and by-laws. He is one of the live men of his city and state, who made himself felt at the time of the national convention last September.

Freese Insurance Agency of Detroit and was a practicing attorney before entering insurance. He is credited in a large measure for the passage of Michigan's highly satisfactory insurance code

## Important Victory Won on Subrogation Question

### FIRE FIGHTING WAS HALTED

Circuit Court of Appeals Sustains Suit  
Against Iowa Public Service  
Company

Silber, Isaacs, Silber & Woley, Chicago insurance attorneys, have received word of an important victory in the United States circuit court of appeals in a subrogation case involving a high power wire strung so close to a factory as to interfere with fighting a fire in the factory. The case is that of Bowen & Son vs. Iowa Public Service Company, the real parties in interest on the plaintiffs side being the insurance companies that paid a large loss on the Bowen factory at Nashua, Ia., and took subrogation.

A fire broke out in the factory on the night of Dec. 8, 1926. The fire department appeared on the scene, but because of a high tension wire carrying 33,000 volts in close proximity to two sides of the building, the firemen were forbidden to throw water on the blaze on the ground that if the stream touched the wire the firemen holding the hose might be killed. The order against throwing water was given by the town marshal, the local manager of the public service plant in Nashua and the engineer of the public service plant.

Because of these instructions and be-

cause of the danger, the firemen stood by for 20 or 30 minutes until the current had been turned off. To turn off the current it was necessary to send a messenger by automobile to the town of Plainfield, eight miles away. There was no means in the town of Nashua for switching off the current. There was a big loss on the factory owing, it is alleged, to this delay.

On the filing of the suit against the Public Service Company, its attorneys entered a demurrer and this was sustained by the United States district court for the northern district of Iowa. On appeal to the United States circuit court of appeals the case was reversed with orders to overrule the demurrer. The effect of this is to hold that there is a possible cause of action.

#### May Be Cause of Action

Reviewing the case, the court of appeals said no facts were alleged which show that there was a duty of the power company to maintain its wires at any particular distance from the plaintiff's building. It also ruled that there was no duty to turn off the current merely because of notice of a fire in a building near the wire. The duty of turning off the current depends on the circumstances, which should be ascertained by the employe of the electric company in charge. It was also ruled that failure to turn off the current may have been the proximate cause of loss by continuance of the fire.

The case will now go to trial on the facts.

#### Indiana's New Requirements

The Indiana department is sending out blanks to companies for the year-end reports. This includes blanks covering the requirements under the new agency qualification law and it will mean more work in the home offices of fire and casualty companies operating in Indiana.

# NIAGARA FIRE INSURANCE COMPANY

80 Maiden Lane  
NEW YORK

ERNEST STURM, Chairman of the Board  
PAUL L. HAID, President

Established 1850

MARYLAND INSURANCE CO.

Owned and Operated by Niagara

Fire.  
Tornado.  
Earthquake.  
Explosion.  
Hail.  
Profits and Commissions.  
Reuts, Rental Values.  
Riot and Civil Commotion.  
Sprinkler Leakage.  
Use and Occupancy.

Automobile.  
Marine (Inland and Ocean).  
All Risk Furs and Jewelry.  
Aircraft Property Damage.  
Fine Arts.  
Installment Floater.  
Merchandise by Motor Truck.  
Parcel Post, Registered Mail.  
Surgical Instruments.  
Tourist Baggage.



## Group Meetings Featured at New Haven Convention

### STRONG PROGRAM PRESENTED

#### Connecticut Agents Follow National Association Precedent—Brodie Re-elected President

NEW HAVEN, Nov. 20.—Group meetings for producers, to allow of more intimate and individual exchange of views on business problems and procedure, following precedent set at the convention of the National Association of Insurance Agents at Detroit, was the outstanding feature of the annual meeting here of the Connecticut association. Approximately 160 agents attended.

President Jacob Podoloff of the New Haven Board welcomed agents. Responses were by Warren S. Shaw, Brockton, Mass., secretary of the New England Advisory Board; Edwin J. Cole, Fall River, Mass., member of the executive committee of the National association; Commissioner Howard P. Dunham, president of the National Convention of Insurance Commissioners, and Charles W. Varney of Rochester, N. H., regional vice-president for New England for the National association.

#### Insurance Alone Is Secure

Commissioner Dunham told the agents that about the only thing in the country which seems to be secure is insurance. Mr. Varney discussed cooperation and the value of united effort and larger memberships in achieving results.

James L. Case of Norwich, Conn., former national president, brought up to date the report on National association matters, with special reference to relations with the Eastern Underwriters' Association, and announced that the executive committee of the Connecticut association had approved the plan for an agents' conference committee in E. U. A. territory.

Mrs. Charlotte W. Rice of New Haven presented the secretary-treasurer's report showing 353 members, 59 having been added. The treasury shows a comfortable balance. President Frank W. Brodie of Waterbury read his annual report.

#### New Officers Elected

The election resulted as follows: President, Frank W. Brodie, Waterbury; vice-president, Walter B. Allen, Hartford; secretary-treasurer, Mrs. Charlotte W. Rice, New Haven; regional vice-presidents, G. Burgess Fisher, Hartford; Enos E. Penny, Putnam; Stanley Sumner, Willimantic; Walter C. North, Bridgeport; Donald G. North, New Haven; Wilbur C. Root, Easthampton; William C. Fox, New London; D. F. Alvord, Winsted.

Walter H. Deacon of Waterbury, life man in the Root & Boyd agency of that city, spoke on "The Value of a Life Insurance Department in a Local Agent's Office." A. A. Klinko, former assistant secretary, National association, now connected with Corroon & Reynolds in New York, spoke on the work and usefulness of the National association. E. J. Schofield, vice-president, Standard Accident, Detroit, gave an optimistic talk on "The Relation of the Companies to the Agents, and of Agents to Agents."

Bartlett Greene, the new assistant secretary of the National Association, who has recently succeeded A. A. Klinko, was introduced and given a hearty welcome.

#### Wilmington Crew Offers Agents Lloyds Policies

LANSING, MICH., Nov. 20.—Despite the widespread publicity which has been given the operations of brokers

operating through the mails and featuring the facilities of unauthorized carriers for excess lines, the Michigan insurance department learned last week that these unscrupulous agencies have not shut up shop as had been hoped, but that they are lining up new facilities to dangle as bait before legitimate agents of the country.

The federal government recently raided the headquarters of the wild-cat-ers at Wilmington, Del. This apparently has made them cautious in their fraudulent operations and they seem hesitant now to offer policies in non-existent companies.

Agents in Michigan are turning over

to the insurance department circulars of the National Underwriters, Inc., 815 Shipley street, Wilmington, Del. The Wilmington concern now appears to have lined up a couple of Lloyds organizations whose policies can be more safely offered than those of the foreign wildcats. Policies are offered in "Lloyds America" and the Inter-Mountain Lloyds of Salt Lake City. Neither of these concerns is licensed in Michigan. The department, however, to protect these Lloyds that are licensed at home, has written them giving the experience of Lloyds of Texas, with Chase & Co., of Detroit, formerly connected with the Wilmington crew. Lloyds of Texas is-

sued some policies but never got any money from Chase & Co. for the premiums.

Incidentally, Chase & Co. seems to have gone out of business. It is said that Chase was last seen in Detroit in August. A lawyer of that city who formerly represented Chase & Co. now denies any recent knowledge of the outfit.

#### C. W. Gerwig Dead

C. W. Gerwig, a director of the Republic of Pittsburgh and president prior to 1927, died at his home Tuesday.

Every local agent should read his personal copy of The National Underwriter.

## "It has kept pace with the times"

That's the way a large city agent refers to the Ohio Farmers Insurance Company. He is in a position to know for he himself operates one of the most progressive and fastest growing agencies in the middle west.

Although the Ohio Farmers is one of the old fire insurance companies in the country, it has kept pace with the times by writing new forms of coverage as they have been needed.

The Company, with a history reaching back to stagecoach days, makes use of every practical modern method of giving speedy service to agents.

Modern forms—modern methods—those are some of the things our agent had in mind when he said the Ohio Farmers "has kept pace with the times."

If you want a modern company, ask for the Ohio Farmers.



## OHIO FARMERS INSURANCE CO.

Organized 1848

LeRoy

Ohio

The Ohio Farmers Insurance Company owns and operates the Ohio Farmers Indemnity Company, a casualty insurance running mate.

# "AT HOME"

It's a feeling that we are trying to hold foremost in our contacts with our agents.

## DID YOU EVER KNOW

That a Company could be human to the extent of considering every agent as a personality, and doing everything possible to make him feel "at home."

## THE SECURITY FIRE HOLDS IT THEIR DUTY TO KNOW THEIR AGENTS

We have a field man in your state "anxious to Know You and Serve YOU."

Illinois  
Indiana  
Iowa  
Michigan

Small	<b>E</b>	To Know You
Strong	<b>N</b>	To Protect You
Old	<b>O</b>	To Serve You
	<b>U</b>	
	<b>G</b>	
	<b>H</b>	

Ohio  
Pennsylvania  
Wisconsin

### ASSETS

1919.....	\$ 955,247.71
1920.....	1,085,861.85
1921.....	1,145,225.98
1922.....	1,178,100.24
1923.....	1,274,933.70
1924.....	1,290,004.85
1925.....	1,481,724.73
1926.....	1,509,068.94
1927.....	1,588,927.26

Surplus to Policyholders
\$290,750.47
300,653.99
350,888.71
412,192.76
493,216.00
518,108.58
601,820.30
640,548.34
701,429.94

1928 - - \$2,068,162.51 - \$1,060,961.97

### Forty-Sixth Annual Statement

We will tell you more about this Company—or our field man will call if you will tell us you want to feel "at home."

**THE SECURITY FIRE  
INSURANCE CO.**  
of Davenport, Iowa

## Fire Reinsurance Forms That Companies Can Use

By DEE A. STOKER  
Chicago Reinsurance Underwriter

Reinsurance is a factor in the business of every fire insurance company conducted along usual lines. It may be made a larger and more important and more profitable factor in the business of many companies.

Most companies make use of one form of reinsurance only—pro rata reinsurance, and a small number carry catastrophe protection, as if these were the only reinsurances obtainable or desirable to obtain.

### Boundary Line Bar to Be Recognized

Pro rata reinsurance may be obtained where the net retention on each risk is optional with the ceding company largely upon the too often false assumption, "If the risk is good enough for the reinsured to carry, it should be satisfactory to the reinsuring company."

An officer of one reinsurance company said in substance that his heaviest loss ratio comes on the policies where the direct writing company only retains its minimum line. In other words, there is a material difference in the loss ratio between what an underwriter counts good and poor business. There is a boundary line which has to be recognized. When an examiner takes a risk pretty largely as an accommodation and would rather be rid of it, he puts his company on for as little as possible and reinsures the rest. When it comes to the desirable business he takes it all himself or as much as he can and gives the reinsurance company what is left. The loss ratio on reinsurance business of the latter variety is satisfactory. This official said that in revamping his treaties he was making it incumbent on the direct writing company to take at least \$4,000 as its retention on these undesirable risks.

### Advantages Listed For This Type

If one desired to enumerate some of the advantages and disadvantages of this type of pro rata reinsurance he might say:

- (1) It is an easy way to cede business.
- (2) It is a way that requires the most detail work and the most overhead expense.
- (3) It is the way for a large company to carry a small part of the liability it might easily assume on all good business where the gross written is many times their net retention on similar risks written and carried wholly net.
- (4) It is the easiest way for a carefully conducted company to give away good business.
- (5) Likewise, it is the ordinary and the most common way to dispose of a very large part of liability written on accommodation risks.
- (6) It is the way to net two or three times as much as is paid to reinsurers adjusted to liability, allocating the overhead expense of the original writing company only to net retained lines.

### Good Basis for Even Exchange of Business

- (7) It is a way to trade good business for like good business.
  - (8) It is a form of reinsurance from which great good may be derived and from which much evil may more easily come.
  - (9) It is the plan under which 90 percent of all the fire insurance in the United States is conducted.
  - (10) It is the form under which the greatest evil in the reinsurance business has developed and still persists.
- The good to be derived via pro rata fire reinsurance received a setback during the first two decades of the twentieth century by the introduction into the business of that greatest evil that could at-

tack it—reinsurance of the accommodation risk. Its dire effect can easily be traced.

### Accommodation Evil Cuts Into Advantages

Business written and ceded pro rata should contribute about 10 percent of the gross premium to overhead expense and in addition show an underwriting profit both to the ceding and reinsuring company. On this business the ceding company should show as large percentage of premium profit on ceded as on retained business.

Because of the accommodation evil such does not usually obtain. Some companies fool themselves into believing they make money on pro rata reinsurance by charging all overhead expense to premiums on net retentions. On this basis some companies show a profit on business ceded which would show considerable loss if proper overhead were charged against it.

The ideal condition is that such ceded business show a real underwriting profit with all expense allocated alike to all premiums.

### Excess Form Helps Check Accommodation Evil

Where pro rata reinsurance is employed it is highly desirable that retention in each class be fixed in the treaty. This plan has some disadvantages but the advantages to all concerned greatly outweigh the disadvantages.

Excess reinsurance at specific locations with fixed net retention in each class under existing conditions in the fire insurance business goes a long way toward correcting the accommodation evil.

Such reinsurance is the "way out" for quite a number of the better companies (better in the sense of ability to secure better than average business, producing a lower-than-average loss ratio). No form of reinsurance will solve the problem where poor business continues to be written by the ceding company except temporarily and so long as they are able to purchase pro rata reinsurance at a loss to the reinsuring company.

### Advantages of Excess Type Are Listed

It is possible for these better companies to purchase excess reinsurance to their advantage largely because of the high character of the business written and because this form of reinsurance has certain advantages among which are:

1. That such treaties are nearly always written restricting the risks to be assumed to protected business eliminating entirely the so-called "total loss" business.
2. Excess fire reinsurance involves minimum expense in connection with ceding the business and eliminates about 90 percent of the claim expense. This saving can easily be divided between the reinsured and the reinsuring companies.
3. Excess fire reinsurance practically forces good underwriting on the part of the reinsured company on risks of more than their net retention, resulting in the business being wholly or largely "cream" instead of "skimmed milk." This is a decided advantage both to the reinsured and the reinsuring companies. It is the biggest single factor in this improved method of fire reinsurance.

### Is Self-Correcting Type of Underwriting

4. The placing of fire reinsurance on an excess basis rapidly broadens the knowledge of the management of the company in relation to fire reinsurance and has a tendency to correct many of the evils now existing in the fire business.

5. Fire reinsurance on an excess basis



## Anniversary



**JOHN X. WEGMANN**  
President Lafayette Fire

John X. Wegmann, president of the Lafayette Fire of New Orleans, and one of the outstanding insurance men of his state, is giving an anniversary banquet at Antoine's famous restaurant in his city Saturday evening of this week in honor of the company's 60th anniversary. The Lafayette Fire was organized in 1869. John Kremer, secretary of the North America, and in charge of the Lafayette Fire's eastern department, and W. H. Riker, assistant manager of the North America in the western department, will be present. The North America departments represent the Lafayette. President Wegmann started with the company June 1, 1898, as a clerk.

places the major part of the risk where it belongs—with the reinsured company. As the business is secured by the reinsured company and the reinsured is in closer touch with the business than the reinsurance company, the placing of the major part of the risk where it belongs is to the advantage of all parties concerned.

6. By thus placing much more liability on the reinsured company the reinsurance is predicated on a larger profit to the reinsured company (the limit of the liability on any one risk is the same under both methods of reinsurance).

7. Excess fire reinsurance is predicated on a real profit to the reinsured company and the reinsuring company, compared with reinsurance on a pro rata basis.

This form of reinsurance is applicable (as it should be) to so-called "partial loss" risks.

It is not suitable to the business of any company whose business is not better than average business.

#### Conflagration Covers Are Considered

Conflagration coverage is carried more generally by large fire companies—their annual increase in surplus apparently justifying this expenditure on their part to put "sure" into "insurance," while catastrophe reinsurance is less generally carried by the smaller fire companies, many of them showing little or no increase in surplus from year to year and apparently the managers of many of the smaller companies do not feel justified in paying the cost of carrying this protection for their company and their policyholders.

Failure on the part of the management of any fire insurance company to carry reinsurance or to provide a large catastrophe reserve does, to that extent, eliminate "sure" from "insurance," subjecting both the stockholders and the policyholders of such companies to a liability that should not exist.

## CHANGES IN THE FIELD

## SOURS TO NATIONAL LIBERTY

**Becomes Special Agent for St. Louis and Southern Illinois—Has Had Wide Experience**

Charles H. Coates, vice-president of the National Liberty, announces the appointment of Al. A. Sours as special agent for St. Louis and southern Illinois, with headquarters in St. Louis. Mr. Sours has had a broad insurance experience as special agent and adjuster, having traveled Illinois, California and Arizona. For several years he adjusted losses for the Underwriters Adjusting Company in St. Louis and southern Illinois and recently traveled as special agent for the Republic Fire of Texas. He is highly regarded as a field man and is well known to the National Liberty agents in southern Illinois.

W. L. Schreiber of Peoria continues to handle the northern part of the state.

#### John H. Byers

John H. Byers will travel New York state outside the metropolitan area for

the Atlantic marine department of the Firemans Fund and its affiliated companies, the Home Fire and Marine and Occidental, making his headquarters in Syracuse. He was formerly marine and inland marine special agent for the St. Paul Fire & Marine and Mercury, with headquarters at Columbus, O.

#### Tom C. MacDonald

Tom C. MacDonald has been appointed special agent of the Fireman's Fund in North Carolina where he will assist J. R. Hinton. The headquarters are at 508 Dixie building, Greensboro. Mr. MacDonald has been in the Atlanta office in the Fireman's Fund for 10 years and recently has been examiner.

#### Von D. Taylor

Von D. Taylor has been appointed special agent of the Travelers Fire in Indiana, with headquarters in Indianapolis. For a year and a half before his appointment as special agent he served the Travelers in the Indianapolis branch territory as an inspector. Before that

he was connected with the Indiana Inspection Bureau.

#### J. T. Robertson, Jr.

J. Tabb Robertson, Jr. of the Fidelity & Guaranty Fire has been transferred to Richmond, Va., as special agent. He will also take care of North Carolina.

#### Miss Shepherd Makes Début

Miss Marian Shepherd of Little Rock, daughter of Joshua K. Shepherd and Mrs. Shepherd, was introduced to society this week at a tea given by her mother. Mr. Shepherd is a well known general agent and is secretary and treasurer of the Association of Fire Insurance General Agents.

#### Grain Steamer Pounding to Pieces

BUFFALO, N. Y., Nov. 20—The steamer Briton, which went on the rocks off Point Abino, 20 miles up Lake Erie from this port, on Nov. 14, is pounding to pieces. Tugs have made repeated but unsuccessful efforts to release the steamer, which has on board a \$250,000 grain cargo. Members of the crew were brought here after abandoning the ship. Lighters are at the scene salvaging the cargo, but high winds have interfered seriously with the work. John T. Hutchinson of Cleveland is the owner. Frank Moore of Browning, Wells & Co., is supervising the rescue work.

INCORPORATED 1799

## PROVIDENCE WASHINGTON INSURANCE COMPANY

*of Providence, R. I.*

*Capital, \$3,000,000*

*Net Surplus, \$12,580,410*

INCORPORATED 1832

## VIRGINIA FIRE AND MARINE INSURANCE COMPANY

*Richmond, Va.*

*Capital, \$500,000*

*Net Surplus, \$1,325,921*

INCORPORATED 1928

## ANCHOR INSURANCE COMPANY

*Providence, R. I.*

OWNED AND OPERATED BY THE  
PROVIDENCE WASHINGTON INSURANCE CO.

*Capital, \$500,000*

*Net Surplus, \$818,557*

### WESTERN DEPARTMENT

175 W. JACKSON BLVD.

CHICAGO

J. R. CASHEL, Manager

## Untrue book values

Values can be carried along in books for years, but even then they do not show the true present-day value of your client's property.

Today's value, because of price changes, new methods and replacement costs, is undoubtedly at variance with book costs. Book values must be revised at regular periods or they too become obsolete.

An appraisal of your client's property is the only sure method of finding present-day value. A Lloyd-Thomas appraisal shows at a glance complete data regarding every angle of your client's property. After a careful appraisal book values can be revised so they too are up-to-date.

As a rule appraisals show that property is under-insured, and you can generally increase your income by placing the proper coverage on a property.

**"WHAT IS AN APPRAISAL?"**—It is a complete classified inventory of insurable property (except stock, merchandise and raw materials). Each item of property is valued at today's cost to replace new. The amount of accrued depreciation is determined and the sound insurable value is given.

**"ITS ADVANTAGES"**—1st—It discovers insurable values that have long been written off the books through unscientific depreciation—2nd—It gives the agent, the assured, and the companies value facts of property. 3rd—It makes for adequate insurance protection, for in nearly every instance it calls for additional insurance.

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RECOGNIZED AUTHORITIES ON PHYSICAL VALUES.



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# OAKITE

Industrial Cleaning Materials and Methods

For all industrial cleaning, Oakite materials do better, faster work at low cost. Booklets, which are free for the asking, give details as to formulas and methods. Requests are invited from insurance companies or representatives.

## NEWS OF THE COMPANIES

### TO HAVE NEW RUNNING MATE

**Sun Underwriters Being Incorporated to Be Operated by the Old Sun of London**

The Sun Underwriters Insurance Company is being organized under the laws of New York as the running mate of the Sun of London, Sun Indemnity and Patriotic. The Sun Underwriters Company will take over the plant of the Sun Underwriters policy which is quite extensive throughout the country. The Sun of London is desirous of keeping in touch with the procession and responding to agency sentiment. It feels that agents prefer to represent a company with its separate financial structure rather than to write an underwriter's policy even if guaranteed by the parent company. The Sun of London is one of the conservative companies of the country, rich in traditions but progressive in spirit. The new company will be operated in the various branch departments of the Sun in this country.

The Sun Underwriters will have combined capital and surplus of \$1,000,000. The Sun Underwriters began operating in the west in 1910 and in the east two years later.

### United Pacific Fire

The United Pacific Fire recently formed in Seattle with \$1,000,000 paid in capital and surplus, has been licensed in Idaho and has an application pending in Oregon. Headquarters of the new company are in the Medical-Dental building, Seattle.

### Hanover Fire

President C. W. Higley of the Hanover Fire sends a letter to stockholders in view of the recent upheaval in the stock market which says as to its financial condition:

"We are pleased that, notwithstanding a shrinkage in values of some of our securities, we can safely state that our income for the year 1929 will be the largest in the company's history. We

also confidently expect to be able to show an annual statement as of Dec. 31 equally satisfactory and with assets as large or larger than those of last year. Having pursued a conservative underwriting policy we predict even a better underwriting showing than last year.

### American of Newark

At a meeting of the directors of the American of Newark, a meeting of stockholders was called for Dec. 16 to vote on a resolution to increase the number of directors and also to amend the charter to provide for authorized capital of \$10,000,000, divided into 2,000,000 shares with par value of \$5 each. This action is found desirable through the acquisition of the Bankers Indemnity and Dixie Fire, as virtually the entire amount of stock of these companies has been purchased by the American through an exchange of American shares for those of the other two companies.

### Renting Home Office Space

The American announces that negotiations have been practically completed whereby the Standard Oil Company of New Jersey will occupy the entire sixth to tenth floors of its new building now in course of construction on Washington Park, adjoining the library in Newark, N. J.

The American, together with its affiliations, the Bankers Indemnity, Columbia Fire, and the Dixie Fire, will occupy the first five floors, which, together with the basement, gives it approximately 100,000 square feet. The 11th to 17th floors will be occupied by other tenants.

### Detroit F. & M.

The Detroit Fire & Marine stockholders have formally ratified the plan of exchanging their shares for Great American stock. Therefore, the deal putting the Detroit Fire & Marine under Great American control has been adopted. Plans will be worked out in the near future for the new regime.

The **Piedmont Fire** of Charlotte, N. C., has been licensed in West Virginia.

### Ruling on Nonpayment of Premium by Assured

The Massachusetts insurance department has issued a statement prepared by its counsel ruling on the law as to the right of an insurance company to cancel a policy for nonpayment of premium where it has been paid by its agent but had not been paid to the agent by the assured and no insurance broker is involved. The department states that if an agent pays the premium on behalf of his assured and at his request or consent, the premium as between the assured and the company is paid. Where the premium is remitted without the insured's knowledge or consent and not at his instance the premium is not paid as between the insured and the company. Where the premium is therefore paid with the knowledge or consent of the assured or at his request the company cannot cancel for nonpayment.

Where there is a broker the department a few years ago rendered an opinion to the effect that when the broker had on behalf of the assured paid the premium to the company or agent and the assured had failed to pay the premium to the broker in such case the premium as between the assured and the company was paid.

### Mrs. W. L. Jones Dead

Mrs. William L. Jones, 81, widow of the late president of the Milwaukee Mechanics, died at her home in Milwaukee last week.

### Hartford Fire Officials Hold Field Conferences

Western Manager A. G. Dugan and Assistant Manager Clem E. Wheeler of the Hartford Fire are in Kansas City this week holding a regional meeting of leading agents in western Missouri, Kansas and Oklahoma. The field men in the territory are also called in. This is an educational conference. It is tried out to see whether these regional meetings will justify the trouble and expense. Last week Mr. Dugan, Mr. Wheeler, L. G. Warder, manager of farm and hail department, and A. J. Johnson of the farm department, were in Louisville attending a meeting of farm and hail agents and field men. This was the second annual conference of the kind.

### E. C. French on Agency Trip

E. C. French, vice-president of the American Fire & Marine of Galveston, was in Chicago this week and is visiting some of the northern cities. The company intends to extend its operation in the north.

### After Unlicensed Companies

The campaign of the North Carolina insurance department against the operation of unlicensed companies in the state has been prosecuted actively recently. Two agents were convicted the past week, one at Clinton and one at Monroe. Both paid fines of \$100 for their service for companies unlicensed in North Carolina.



## Case Says Laws Are Not Way to Get Good Agents

### SPEAKS IN NORTH CAROLINA

National Association Leader Tells Federation Qualification Acts Are Worth While, But No Panacea

Agency qualification laws are good but full fledged, qualified agents cannot be legislated, James L. Case of Norwich, Conn., leader in the National Association of Insurance Agents, said before the North Carolina Insurance Federation.

Character, knowledge and ability are absolutely essential for an agent, Mr. Case said, and his usefulness and service are measured in exact proportion as he exemplifies these characteristics.

"Character is fundamental to his success, for a real agent must be strong minded and strong principled; a believer in truth and justice and one who can be counted upon to do the right thing at the right time and in the right way," he said. "Character is what the agent really is, and it is the very foundation upon which he must build his business. It is of the greatest importance and value.

#### Knowledge Prime Factor

"Knowledge—the more knowledge an agent has the more successful he will be, for to sell insurance he must know the benefits of the policies he offers. He should be able to suggest the type of insurance best adapted to his prospect's needs and give good and sufficient reasons therefor. He must know himself, he must know his work, and he must know how to 'deliver,' for it is highly important that the agent should be possessed of a thorough education.

"The older I grow and the more I learn about the operation of the business, I am convinced that the spirit of the 'Golden Rule' must be practiced by companies, agents and the public at large. To do to the other fellow as you would have the other fellow do to you is a qualification of such importance that no real success can be obtained without it.

#### Success Depends on Ability

"Ability—to character, knowledge and the principles of the 'Golden Rule' must be added ability, and the greater the ability when properly used the more outstanding will be the agent's success. Commissioner Sullivan of New Hampshire at a recent meeting of the agents association said: 'There are not enough qualified agents to handle the insurance business of today, and if there are too many bad ones the companies, first, and the insurance commissioner, second, are to blame.' A statement like this coming from such an authority should not go unheeded and the qualifications I have suggested are capable of producing an agency force that can be counted upon to fill an important place in American business affairs.

#### Menace in Lack of Confidence

"The greatest menace to the greatest success of the business, as I view it, lies today in the lack of confidence and of a selfish suspicion of the motives of one toward the other. The tendency toward government supervision and state funds, the extension of the branch office principle and many other questions of equal importance should be settled within the ranks.

"Some of you know how sincerely I desire to see the principles of confidence and cooperation preached and practiced by the public, the companies and the agents, for only in proportion as we really know each other, have confidence in each other and each other's motives, can one be sure that each is 'playing fair' with the other.

"The present day opportunities for enlarging the field for insurance service

seem to be without limit, and it is a good sign when representatives of the three great divisions of the business meet together as we are today and discuss various phases of the business as a whole."

## DRAPER VISITS CHIEF POINTS IN THE FIELD

President P. O. Draper of the Indemnity Company of America with head office in Kansas City is on a tour through the field and visited the Chicago branch under Manager Andrew J. Cann this week. He went to Ohio, then will return home via St. Louis. The death of Col. Fred W. Fleming, chairman of the executive committee, who re-financed the company, will have no effect on it. Colonel Fleming completed his work and had gotten the company in splendid shape financially. It is now in a position to extend its business. It writes only full cover automobile insurance.

### Goes With Northwestern F. & M.

MINNEAPOLIS, Nov. 20.—Chester W. Hall, deputy commissioner of Montana, has resigned to become an officer of the Northwestern Fire & Marine of Minneapolis.

## Basis Rates in Number of Cities

The insurance division of the Green Bay, Wis., chamber of commerce, makes a comparison of different cities largely in Western Union territory. The committee states that it is difficult to arrive at a just comparison of rates, but in a careful study of the rating system it was found that basis rate would furnish the desired comparison because it is on these rates that the final cost of fire insurance is determined. These basis rates include every hazard except that of the individual risk. The following table shows the basis rate on mercantile buildings in 21 cities using the analytic system.

	Nat.	Bd.	Fire-	Grad-	Brick	Frame
	ing	ing	ing	ing	ing	ing
	Cents	Cents	Cents	Cents	Cents	Cents
Green Bay, Wis.	5	17.3	21	56		
Decatur, Ill.	5	16.4	35	75		
Little Rock, Ark.	5	29.5	66	138		
Hammond, Ind.	5	16.4	28	67		
Council Bluffs	5	16.4	35	75		
Knoxville, Tenn.	5	24.6	59	119		
Jackson, Mich.	3	14.3	31	70		
Topeka, Kan.	3	24.5	28	70		
Tulsa, Okla.	4	23	40	108		
Detroit, Mich.	1½	15.3	30.7	70		
St. Louis, Mo.	1½	17.4	35	86		
Kan. City, Mo.	2	18.4	37	89		
St. Paul, Minn.	3	19.7	41.6	91		
Mpls., Minn.	1½	17.4	35	82		

Muskegon, Mich.	4	15.3	33	73
Aurora, Ill.	5	16.4	35	75
Chattanooga	4	23	55	115
Lexington, Ky.	4	24.5	36	100
St. Joseph, Mo.	4	19.7	40	92
Wichita, Kan.	3	24.5	28	70
Muskogee, Okla.	5	24.6	42	111

### Resign From Cuban Association

A number of companies have resigned from the Cuban Association of Fire Insurance Companies. Most of the companies operating in Cuba have been members. The Aetna resigned some time ago and more recently the following have tendered their resignations: National of Hartford, Fire Association, City of New York, Phoenix of Hartford, Great American, Automobile, Franklin of Philadelphia.

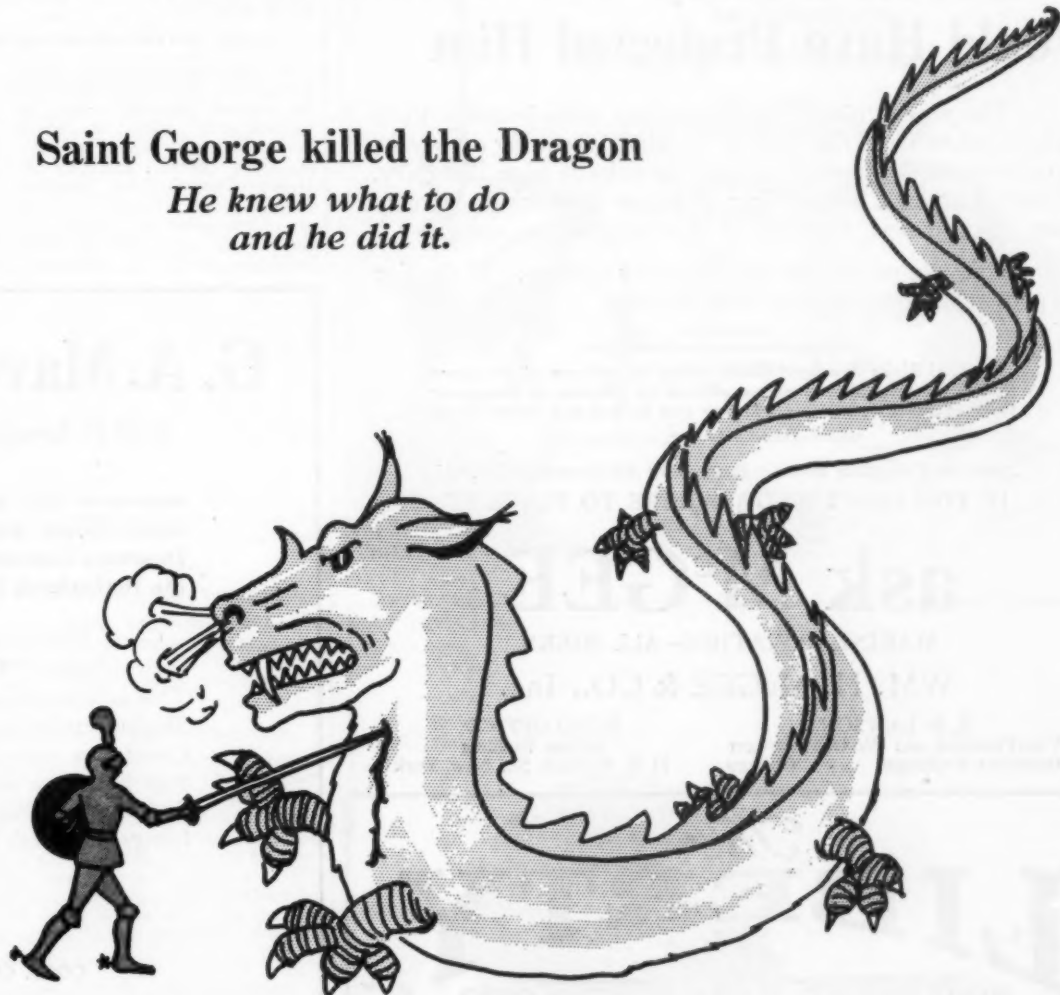
### Rating Managers Confer

NEW YORK, Nov. 20.—Rating managers from different sections of the east and south are in this city considering rules and forms with a view to unification insofar as may be possible. Gatherings of this character are held every few months, the constant desire of rating officials being to bring rules of different jurisdictions into harmony.

MERE SIZE ALONE IS NOT A RELIABLE MEASURE OF VALUE

## Saint George killed the Dragon

*He knew what to do  
and he did it.*



Must we say more—The Eureka-Security has 64 years of experience and knows how to use it to help agents. For Automobile, Fire and Windstorm insurance there are bigger and smaller companies but none better to represent than The Eureka-Security Fire and Marine Insurance Company of Cincinnati, Ohio—known also as The Cincinnati Underwriters.

**"The Company that knows what to do for its agents and does it."**



## A Block Policy Would Have Protected Him

The word "block" in connection with Jewelry Policies is taken from the French "en bloc," meaning *all in one*, and protects the Jeweler against the risks of Fire, Burglary, Theft, Larceny, Shoplifting, Window Smashing, Jewelry out on approval, Registered Mail shipments, etc.

This is a profitable line for your agency. Write for a proposal, and see your local jeweler.

The All Risks Jewelers' Block policy is just one of the more than fifty unusual coverages offered by McGee & Company through local agents. It will pay you to find out about them.

Send for Complete Booklet Describing All Coverages Offered  
IF YOU DON'T KNOW WHERE TO PLACE IT

# ask M'GEE

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Vice-President and Western Manager  
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**LIBERTY**  
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Automobile Insurance—Full Coverage—All in One Policy  
Plate Glass and General Liability Insurance

Assets Over 1½ Million—Surplus to Policyholders \$600,000

Agents wanted in Alabama, Arkansas, California, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Missouri, Ohio, Oklahoma, Tennessee and Texas.

J. R. Jones,  
Sec'y & Mgr.

## AS SEEN FROM CHICAGO

### COLEMAN IN NEW POST

George H. Coleman, who recently resigned as Cook county manager of the America Fore group, has been appointed Chicago and Cook county manager for the Central Fire of Baltimore. The Central Fire is extending its operation throughout the west and intends to be far more aggressive for business in that section. He will have his office with R. H. Beard & Co., Insurance Exchange.

### MAVON & CO. APPOINTED

G. A. Mavon & Co. has been appointed Cook county manager for the Netherlands to take care of all Chicago and Cook county business of the company whose head office has been moved recently to New York. Mavon & Co. has been agent for the Netherlands in Chicago about six years. Robert R. Clark, United States manager for the Caledonian group, completed the arrangement on a flying trip to Chicago a few days ago. The Mavon agency is one of the largest and most successful in Chicago, being also manager for the Potomac, Empire Fire, Dubuque Fire & Marine, Fidelity American and Western Fire. It has a large Class 2 plant servicing a large number of agents in outlying districts.

### QUITS LUXURIOUS QUARTERS

Chicago insurance men who are members of the Bankers Lounge Club regret its recent removal from 105 West Adams street where it occupied three floors in magnificent settings. Darby A. Day, Chicago manager for the Union Central Life, resigned a few days ago as president of the Bankers Club when it experienced financial difficulties. The manager of the building which it occupied is re-

ported to have submitted a \$45,000 bill for the luxurious alterations made especially for the club when it took its quarters. There were internal private stairways communicating between the three floors and the finest of decorations and equipment.

### STEFFELIN AND WOLFE CHANGE

E. H. Steffelin and G. W. Wolfe of Wolfe, Steffelin & Co., general fire, life and casualty agency in room 742 Insurance Exchange, have separated consequent upon Mr. Steffelin buying Mr. Wolfe's interest. The interest of Frederick A. Jones, vice-president, also was purchased by Mr. Steffelin. Mr. Wolfe takes an agency of the National Life U. S. A. in the Builders building as agency manager and Mr. Steffelin will devote most of his time to the life department of Wolfe, Steffelin & Co., although supervising the other departments. Associated with him are Elmer E. Erhardt, manager casualty department; Ira Collins, manager fire department; Edwin Wolf, office manager; Charles Wolf, president of the Citizens State bank, chairman of the board of Wolfe, Steffelin & Co., and James Madden, special agent. Mr. Jones remains in personal production. The Wolfe, Steffelin organization grosses about \$600,000 in fire and casualty premiums yearly and in addition has written nearly \$6,500,000 of life business this year. Mr. Steffelin in addition to managing a large general line agency is a "millionaire" life producer.

### ZENEK WINS PROMOTION

M. J. Zenek, Cook county manager for the National Union Indemnity, has been promoted to assistant manager in Cook county for the National Union

## G. A. Mavon & Company

A-2145 Insurance Exchange, Chicago

announce their appointment as Chicago and Cook County managers for the Netherlands Insurance Company. The firm has represented the Netherlands for five years as agents.

G. A. Mavon & Company have adopted as their slogan, "The Service Built Agency." This is not a mere name. It means that the Mavon service is recognized throughout Cook County as something vital and most useful. Any broker or agent who has dealt with the firm realizes that he gets the assistance that brings dollars to his pockets.

### COOK COUNTY MANAGERS for the

Potomac Insurance Company  
Dubuque Fire & Marine Insurance Company  
Western Fire Insurance Company of Ft. Scott  
Empire Fire Insurance Company and Fidelity American Insurance Company

### COOK COUNTY AGENTS for the

Glens Falls Insurance Co.  
New York Fire Insurance Co., and Merchants Insurance Co.



Fire and National Union Indemnity. No appointment has been made to fill the post he leaves vacant. Mr. Zenek went with the indemnity company in January, 1927, in the post of Cook county manager. Before that he was for 17 years connected with the Chicago general agency of the Employers Liability.

#### W. R. PUTZ MAKES CHANGE

W. R. Putz, special agent for the Niagara, Niagara-Detroit Underwriters and the Maryland in Cook county, has been appointed Cook county special for the Palatine, Commercial Union of New York, the Union of London and the California. His headquarters now are in room A-1603 Insurance Exchange.

#### FIRE SERVICE EXTENSION

A three-day conference of members of the fire service extension committee of the National Fire Waste Council and their co-workers in the establishment and operation of short courses sponsored by various seats of learning in different states was held at the headquarters of the Chicago fire insurance patrol last week.

Following a general discussion of the fire colleges conducted during the current year, plans for extending the work during the coming year were discussed. To aid in this work, invitations had been extended to a number of persons located in states where fire colleges were held this year. There were 11 short fire courses conducted in 1928, and already plans are being made for conducting such courses under the auspices of 21 universities the coming year.

Members of the committee at last week's conference included George H. Parker, consulting engineer, chairman; Clarence Goldsmith, National Board; L. J. Murphy, Iowa State College; Harry K. Rogers, fire prevention department, Western Actuarial Bureau; Chief Frank C. McAuliffe, Chicago Insurance Patrol.

In addition, the following co-workers in the establishment and operation of short courses for firemen were in attendance: L. D. Alber, Illinois Inspection Bureau; Harry J. Corcoran, Iowa Insurance Service Bureau; M. B. Lambie and H. H. Lasky, Northwest Fire School, Minneapolis; R. C. Loughhead, Michigan Inspection Bureau; A. J. Meyer, Indiana Inspection Bureau; S. G. Render, Kentucky Actuarial Bureau; W. D. Rogers, Tennessee Inspection Bureau; E. J. Stuart, Kansas Inspection Bureau; Chief Peter Walsh, Boston Fire Insurance Patrol; H. C. Ousley and M. I. Parker, Missouri Inspection Bureau.

#### COLLECTION SYSTEM PLANNED

The Cook County Field Club took action at its monthly meeting Monday to devise a collection system by which members can aid each other in keeping their agents' balances up to date. President Harold Hilton was authorized to appoint a committee to devise an effective plan of operation. In suggesting the plan Mr. Hilton said that with the stock market depression the real estate business in the Chicago district is very poor, and the temptation to use insurance premiums to tide them over will no doubt slow up the collection of premiums from the agents. E. A. Matthews, special agent of the Star, told of a system used by other field clubs.

S. R. Plattenburg, cashier for the Chicago branch of the Travelers, spoke on "Collections and Credits." He said the agent should be impressed with the idea that he is a trustee or fiduciary for the insurance company and the premiums he collects are not his money but the company's that issues the policy. If the agent uses the premium money for his own needs he is in exactly the same category as an employee in a store who borrows \$10 from the cash register to tide him over the week end.

Mr. Plattenburg said the agents should never be allowed more than 30 days to make collections as theoretically the insurance business is transacted on a cash basis and the premium is due

when the policy is delivered. Allowing agents to keep premiums for as long as 90 days gives them a false idea of their financial standing and may result in getting the agents in a jam later on.

Mr. Plattenburg told of the Travelers' collection plan which has been very successful. The Travelers holds the agent right to the contract. After the account is 30 days old a letter is sent out saying that if the premium is not paid by the 15th the company will endeavor to collect direct from the client. If no action is secured a letter is sent to the client which says he must pay by the 25th of the month. This is followed later by a threat of cancellation. Agents may object to this, he said, because they do not want interference with their clients, but as the premiums are the company's money, he does not think the objection justifiable. Keeping everlastingly at it is the key to success in making collections, he said.

Mr. Hilton announced that the annual meeting of the club will be held in December and officers will be elected for the coming year.

#### EXPLAINS WORK OF ENGINEER

Agencies and brokers with competent engineering services will attain the greatest successes in future, Burt Tuck of the Tuck Insurance Service, Chicago, stated in his address "Insurance Engineering and Rating" before the Insurance Club of Chicago, Tuesday. Mr. Tuck said the duties of the engineering department are to measure certain facts, to obtain the details and to apply the various factors to the basic rate. Another duty is to advise insureds when not to spend money for improvements. He pointed out one Chicago insured wanted to build a fireproof boiler room which would not, because of other factors, have been reflected in the rate.

Mr. Tuck carried out an imaginary inspection. He said the first acts were to measure the area of roof, inspect parapets, penthouse and rubbish accumulations. The engineer then goes down a floor at a time, counting fire extinguishers, number of feet of hose, number of hands employed, inspecting heating arrangements in basement, enclosures of elevators and stairways, floor openings and so forth. The complete report covers all construction details, occupancy, exposures, hazards, such as lighting and heating, and gives a rate analysis applying the various debits and credits to the basic rate.

The club next Tuesday will hear an address by W. Sprague Eddy, advertising representative of the Insurance Field on "Advertising Extension and Publication."

#### COATES IN THE WEST

C. H. Coates, vice-president of the National Liberty Fire, is in Chicago for a number of days. He called in the field men of the central western territory for a conference.

#### DRESSER IS RECUPERATING

Dean H. Dresser, assistant western manager of the National Fire of Hartford, who suffered a slight fracture of the skull two weeks ago, being knocked down by a taxicab on Sheridan Road in Chicago, was able to go to his home Monday where he will spend a number of days recuperating. Mr. Dresser had alighted from a bus and was crossing the street to go to his home when he was struck.

#### HUMPHREY IN CHICAGO POST

Fred B. Humphrey, assistant secretary of the "Spectator," has been made resident vice-president in charge of the Chicago office. Mr. Humphrey was formerly with "Rough Notes" of Indianapolis joining the "Spectator" in 1916, starting in the business department. He is held in high regard wherever he goes.

#### YOUNG McLENNAN "GRID" STAR

Hitherto acting as substitute for the famed Albie Booth, Donald R. McLennan (CONTINUED ON NEXT PAGE)

## REPUBLIC

### AUTOMOBILE INSURANCE CO.

HOME OFFICE DETROIT, MICHIGAN

"You're not the only company that writes full coverage automobile insurance," an agent said to me when I approached him on the subject of agency representation. But he signed up after he gave me a chance to explain the rest of our proposition. Let me tell you what I told him.

*The Republic Special*

An "Exclusive  
Automobile Writing Company"

Chicago Office  
A 1915 Insurance Exchange Bldg.

TERRITORY  
OPEN in

Ohio  
Illinois  
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Michigan



75th Anniversary  
The Phoenix Insurance Co.  
of Hartford

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Chicago Stock Exchange

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Refer to Quotations that appear regularly in  
THE NATIONAL UNDERWRITER

## INSURANCE STOCK QUOTATIONS

By Lewis, Dewes & Co., 111 West Monroe Street, Chicago.

Stock	Par	Bid	Asked	Div.	Stock	Par	Bid	Asked	Div.
Aetna Cas. ....	10	130	160	....	Stuyvesant .....	25	65	75	2.00
Aetna Fire .....	100	500	550	\$20.00	Sylvania .....	10	22	27	....
Aetna Life .....	10	92	105	....	Transport. Ind. ....	10	15	25	....
Agricultural .....	25	...	190	....	Transport. Ins. ....	25	45	50	1.00
Amer. Alliance. ....	10	23	36	1.60	Travelers .....	100	1225	1250	24.00
Amer. Auto. ....	10	60	...	2.00	U. S. Casualty. ....	25	70	90	3.00
Amer. Drug. ....	25	80	...	3.00	U. S. Fire. ....	10	75	85	2.40
Amer. Equitable. ....	5	27	31	1.50	U. S. Fid. & Guar. ....	10	43	54	2.00
American .....	5	19 1/2	23 1/2	1.00	U. S. Merc. & Sh. ....	100	275	325	8.00
Amer. Reserve. ....	10	60	80	4.00	Westchester .....	10	50	55	2.00
Amer. Salam. ....	50	80	85	3.00					
Amer. Surety. ....	25	100	110	6.00					
Automobile .....	10	43	51	....					
Balt. American. ....	5	23	28	.60					
Bank & Shippers. ....	25	110	130	5.00					
Boston .....	100	...	925	16.00					
Brooklyn .....	5	16	24	1.20					
Camden .....	5	22	25	1.00					
Carolina .....	10	28	32	1.40					
Cent. West Cas. ....	50	45	50	2.00					
Chicago F. & M. ....	10	26	30	....					
City of N. Y. ....	100	495	605	16.00					
Colonial States. ....	10	18	24	....					
Columb. Natl. ....	25	15	20	....					
Commonwealth .....	100	700	...	20.00					
Constit. Indem. ....	10	19	23	1.00					
Continental Cas. ....	10	39	41	1.60					
Continental .....	10	58 1/2	61 1/2	2.00					
Detroit Fid. & S. ....	50	35	...	....					
Detroit Natl. ....	25	27	...	1.00					
Eagle, N. J. ....	20	70	80	4.00					
Employers Reins. ....	10	23	26	1.50					
Fidelity & Deposit ..	50	168	180	8.00					
Fidelity-Phoenix ..	10	68	70	2.00					
Fire Assn. ....	10	42 1/2	48 1/2	2.50					
Firemen's .....	10	31	36	2.20					
Franklin .....	25	165	175	8.00					
Genl. Cas. & Sur. ....	50	25	30	....					
General Surety. ....	25	100	120	....					
Ga. Casualty. ....	5	18	22	....					
Glens Falls. ....	10	55	60	1.60					
Globe & Rutgers. ....	1000	1150	1200	24.00					
Globe Underw. ....	14	16	...	....					
Great Amer. Ind. ....	10	40	46	....					
Great American. ....	10	30	35	1.60					
Great Lakes. ....	10	10	15	1.00					
Hallifax .....	10	22	27	1.00					
Hanover .....	10	33	60	1.00					
Harmonia .....	10	24	29	1.40					
Hartford .....	100	700	720	20.00					
Hartford St. Bldg. ....	100	550	...	16.00					
Home (New). ....	10	39	42	....					
Home Fire Secur. ....	10	23	28	....					
Homestead .....	10	24	31	1.00					
Hudson Cas. ....	5	5	6	.40					
Import. & Exp. ....	25	75	85	4.00					
Independence Ind. ....	5	16	21	....					
Independence Fire ..	5	12	15	....					
Ins. Co. of N. Am. ....	10	59 1/2	62 1/2	2.00					
Lincoln .....	20	100	...	4.50					
Lloyds Cas. ....	10	20	25	.60					
Md. Casualty. ....	25	95	100	5.00					
Mass. Bond. ....	25	195	210	4.00					
Merchants, com. ....	10	115	135	2.00					
Merchants, pfd. ....	100	115	...	7.00					
Merch. & Mfrs. ....	5	...	25	1.00					
Metropol. N. Y. ....	10	11	15	1.00					
Mohawk .....	25	60	65	...					
National Cas. ....	10	25	...	1.20					
National, Ct. ....	10	62	72	2.00					
National Liberty. ....	5	16 1/2	17 1/2	.50					
National Union. ....	100	240	260	12.00					
National Surety. ....	50	81	83	5.00					
New Amst. Cas. ....	10	40	45	2.90					
New Brunswick. ....	10	27	35	1.20					
New England. ....	10	47	52	1.00					
New Hampshire. ....	10	...	60	1.60					
New Jersey. ....	20	50	60	2.00					
Northern .....	25	100	120	4.00					
North River. ....	10	460	470	2.00					
N. W. National. ....	25	19	24	5.00					
Occidental .....	10	25 1/2	27 1/2	....					
Pacific .....	25	150	160	5.00					
Peoples Natl. ....	5	15	20	1.00					
Phoenix, Ct. ....	100	680	720	20.00					
Prof. Accident. ....	100	600	620	12.00					
Presidential .....	25	50	60	...					
Prov-Wash. ....	100	525	600	20.00					
Public Fire. ....	5	23	26	....					
Rossia .....	10	39 1/2	40 1/2	2.20					
Security, N. H. ....	25	75	90	3.00					
Southern Surety. ....	10	25	30	1.60					
Springfield .....	25	140	170	4.50					
St. Paul F. & M. ....	25	175	200	5.00					
Standard Acci. ....	50	275	325	6.00					

## CHICAGO NEWS

(CONT'D FROM PRECEDING PAGE)

nan, Jr., son of D. R. McLennan, Chicago, of Marsh & McLennan, starred for Yale in its 14 to 0 victory over Princeton last Saturday. Young McLennan carried the ball for 48 of the 68 yards in a drive which brought the first touchdown. After an 18-yard gain he threw a forward pass which resulted in the second score. He gained a total of 190 yards in 31 rushes during the game.

\* \* \*

Richard E. Vernor, manager of the fire prevention department of the Western Actuarial Bureau, speaks before the Maywood, Ill., Rotary Club, at a luncheon Thursday of this week.

\* \* \*

Manager Ernest Palmer and Chief Engineer J. A. Neale of the Chicago Board are in New York this week attending the meeting of engineers and inspectors of the National Board.

\* \* \*

C. R. Tuttle, western manager of the North America, left this week for a visit to the home office and New York.

## GREENFIELD OFFICE GETS RAPID TRANSIT SCHEDULE

PHILADELPHIA, Nov. 20. — The Philadelphia Rapid Transit Company fire insurance schedule, amounting to \$41,500,000, which expired Nov. 15, has been acquired by the insurance department of Albert M. Greenfield & Co., who have been named general brokers for the traction company.

The business had been handled by three agencies, Samuel Story & Son, Platt, Yungman & Co. and Hutchinson, Rivinus & Co. The business has already been placed along the street and it is said that all brokers and agencies who had part of the business were given renewals, although in some cases the renewals were for larger amounts and in others for smaller amounts. More than \$40,000,000 of the line has already been given out.

The Greenfield office has for two or three years had all of the insurance on the P. R. T. properties except the fire insurance schedule and, it is said, would have had that sooner but for the fact that the business was written for a five-year period.

## INSURANCE STOCKS

BOUGHT -- SOLD -- QUOTED

Mr. Howard W. Cornelius has specialized in Insurance Stocks for the past eighteen years.

Inquiries Invited

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Chicago



## VIEWED FROM NEW YORK

By GEORGE A. WATSON

### ACCOUNTANTS HEAR LANG

H. C. Lang, well known public accountant of New York City, spoke on "Machine Accounting" before members of the Insurance Accountants Association at their meeting in the rooms of the New York Board on Nov. 19. In addition, reports were received from the committee previously named to consider the "feasibility of treating premiums received through the Factory Insurance Association as direct for tax purposes"; and likewise from the committee that conferred with the committee on uniform accounting of the National Board as to the proper form for "reporting expenses to Mississippi and such other states as require an expense schedule to accompany their classification schedule."

There was discussion of the recent ruling of the treasury department permitting allowance for depreciation on furniture, fixtures and maps when filing income tax return. There is likewise the question of deduction of foreign taxes paid for companies transacting a foreign business, either direct or by way of reinsurance, and it will be threshed out. An exchange of views is asked concerning the recent inquiry from the Eastern Underwriters Association inspection bureau on the most equitable method of apportioning its expenses among member companies.

### APPAREL LOSSES MOUNT

The New York Board statistics show that apparel contractors' losses were much greater in October. Since Jan. 1 there had been 187 claims with losses of \$160,583. In October there were 14 fires involving 38 claims.

### EXCHANGE CONSIDERS PLEDGE

Following extended discussion of the brokerage situation at the November meeting of the New York Fire Insurance Exchange, the brokerage committee called attention to the brokerage pledge adopted in 1922, which stipulates in part that the signer thereof will in all his "relations with exchange members and in the solicitation and handling of business to be placed with them, conform strictly to the reasonable rules of the New York Fire Insurance Exchange, and will not accept from any source, directly or indirectly, a higher rate of brokerage on risks situated in the area of the exchange than is allowed by the rules of that organization." The signer further agrees that any violation of the pledge shall constitute a revocation thereof, so far as he is concerned. The net effect of such revocation would be that the offending broker would be penalized by receiving 5 percent less brokerage than his conforming associates.

Further action taken at the meeting was the instruction to the manager of the exchange to report to its executive committee at each monthly meeting, on and after January, 1930, all penalties imposed upon members for rules violations, giving the names of companies and brokers involved, the character of violation and nature of penalty.

New members were elected as follows: Harry A. Gruber, metropolitan manager Pearl Assurance of London; John F. Short, metropolitan head agent American Merchant Marine, and the Times Square Agency, New York City agent Jefferson Fire. Though considerable attention was paid the suggested increase in rates for builders' risks, no action was taken.

### BROKERS COMPLIMENTED

The General Brokers Association of New York City has received numerous responses from important men in the business regarding its suggested formation of a code of business ethics along the lines of self government urged by Insurance Superintendent Albert Con-

way at the testimonial dinner accorded him by the association a short time ago. Letter of commendation included those from Manager Harold M. Hess, New York Fire Insurance Exchange; Albert Dodge, president, New York State Association of Local Agents; P. B. Reed, assistant United States manager, Phoenix Assurance; John S. Turn, vice-president, Aetna Life companies in New York City.

### GENERAL BROKERS' OFFICIALS

As officials of the General Brokers Association of the Metropolitan District, the following have been nominated: President, Bernard E. Frank; vice-presidents, Harry Broadman, Julius Margolias, S. Nichol Schwartz, William J. McLaren, and George F. Sullivan; secretary, George M. Allen; assistant secretary, Leonard Jacobs; treasurer, Paul Simer. Executive committee, Phoebe Marks, Abraham Prusoff, Joseph Donohue, David M. Bernstein, Joseph Wank and Louis Keepnews.

### NEW YORK CITY LOSSES

The fire losses in New York City in October were double those of the same month last year. The losses this year were \$645,937. The total fire loss for the 10 months was \$17,839,830 as compared with \$16,274,350 for the same period last year. The Jersey shore area handled by the loss committee of the New York Board showed \$462,233 fire loss for the 10 months.

### DEATH OF C. S. BARKER

Charles S. Barker, head of the Barker Agency of Brooklyn, N. Y., died last week at the age of 87. He had been in the insurance business in Brooklyn for 60 years and was the first agent in the Agricultural appointed in that city.

### HENRY GOES WITH TOKIO

Charles L. Henry, who was formerly associated with Marsh & McLennan in Chicago, and for 10 years was general auditor of the Union of Canton, is now becoming general auditor for the Tokio and Standard of New York in the office of Manager J. A. Kelsey in New York City.

### Insurance Federation to Ho'd Its Annual Meeting

The Insurance Federation of America will hold its annual meeting at the Hotel Astor in New York City, Dec. 9. There will be a conference of the officers, trustees and advisory committee in the morning and a general meeting of the federation in the afternoon. The banquet will be held in the evening and the principal speaker will be C. Petrus Peterson of Lincoln, Neb., general counsel of the Bankers Life of Nebraska, one of the celebrated lawyers in his section and a speaker of outstanding merit. He recently retired as chairman of the legal section of the American Life Convention.

Figures will be presented showing the rising tide of state insurance and demonstrating graphically the steps being taken by organized insurance men to combat state funds in various parts of the country.

### Want Special Committee

At the conference on spontaneous ignition of agricultural and industrial products held at Washington, D. C., it was decided to recommend that the National Fire Protection Association create a new standing committee to co-operate with the bureau of standards and the Department of Agriculture in securing information on this important subject.

## In these days of stress Life Insurance is the Safest Investment

### Ideal Savings and Investment Plan for Average Person

If you are unable to complete payments, you receive a fair settlement of your equities.

Should you be permanently disabled, you receive a definite income regularly, and your insurance is continued without further payment.

If financial accommodation is needed, your policy can be used to tide you over.

Your beneficiary will receive in full the amount you have decided upon, no matter how few payments you have made.

If you live, you will receive the amount yourself.

To thousands life insurance, used as a savings and investment plan, is giving financial independence. From the viewpoint of availability for every individual, safety and permanent value, certainty of return, easily carried cost, and control by the investor—it is a solid rock on which to build personal and family security.

A mutual company returning annual dividends, and offering a policy for every need.

*John Hancock*  
MUTUAL  
LIFE INSURANCE COMPANY  
OF BOSTON, MASSACHUSETTS

# 1794

# 1929

## THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA PHILADELPHIA, PA.

Assets .....\$7,896,724.12  
Increase in 1928 \$808,948.21

Policyholders' Surplus .....\$4,131,066.84  
Increase in 1928 \$528,106.08

Acquire  
THE OLD "STATE OF PENN"

## The Obligations of Rivals

Amid the intense competitive rivalry of the insurance business, let us not forget that self-restraint and the avoidance of even the appearance of unfair practices will pay in the long run.

Organized  
1881

The  
**Columbia**  
FIRE  
INSURANCE COMPANY  
OF DAYTON, OHIO

Capital  
\$1,000,000

ONE OF THE AMERICAN GROUP

## Home Announces Its Chicago Plans

(CONTINUED FROM PAGE 4)

ing. When H. H. Walker, secretary of the department, who had so long been in charge, found it necessary to have more assistance Mr. Lesch was called to the office in 1917, he and F. H. Cornell, the assistant secretary, becoming managers. On the death of Mr. Walker, Lesch & Cornell took entire charge of the farm business. The Home's farm department is one of the outstanding institutions engaged in that line of insurance.

### Cornell Has Fine Record

Mr. Cornell has been associated with the farm department for 34 years and is regarded as one of the most efficient underwriters in his special line. He will be in immediate charge of the farm business as Mr. Lesch will have his headquarters in the office of the Cook County department in the Insurance Exchange. Mr. Cornell passed through various desks in the farm department, and therefore knows the operations from beginning to end. G. C. Cundiff, formerly in charge of the farm business in Kentucky, will assume the duties and title of assistant manager of the farm department.

### Hurd Specialist in Losses

Mr. Hurd is a native of Davenport, Iowa, and started his insurance career in the Security of Davenport home office. Later he located in Chicago, being a map clerk in the western department of the old Germania. He was associated with David T. Wagner, the independent adjuster, for two years. In 1902 Mr. Hurd joined the Home as special agent in Illinois under State Agent Fred T. Wise. In 1905 he became Cook County special agent and in 1915 was appointed assistant manager in Cook County. He has always been greatly interested in losses. He attended John Marshall Law School in his city at nights and was admitted to the bar in 1927. Mr. Hurd's duties as assistant manager will be assumed by John C. Starrett, now counterman in this office.

### McKaran Heads Production End

E. V. McKaran is head of the production department. He is a graduate of Armour Institute, having taken the fire protection course. He was formerly connected with the Oklahoma Inspection Bureau and then was an engineer for the Underwriters Bureau of New England with headquarters at Boston. He went with the Home in 1913, locating at Kansas City, being special agent of the improved risk department. He was transferred to Chicago in 1917 to become superintendent of the improved risk department there. In 1919 he took charge of the brokerage department, which is now known as the business development department.

### Blewitt Is Marine Man

W. B. Blewitt is head of the marine department in Chicago. He started with Chubb & Sons, marine men at New York City. He went with the Home in 1924 and was sent to St. Louis to take charge of the marine office in that city. In October of this year the St. Louis and Chicago marine departments were consolidated, Mr. Blewitt transferring to Chicago to take charge of the marine end.

### Pfaflin Had Good Training

T. K. Pfaflin is head of the improved risk department at Chicago. He is a graduate of Armour and started his insurance career as an engineer and inspector of the New England mutuals with headquarters at Chicago. He later served as special agent for the Underwriters Service Company of Chicago, and on July 1, 1923, transferred his allegiance to the Home as special agent of the improved risk department, travelling out of Chicago. In April, 1927, Leonard Peterson, who was head of the improved risk work at Chicago, was



A BEAUTIFUL NEW FIREPROOF HOTEL

**Colton Manor**

Pennsylvania Avenue  
ATLANTIC CITY, N. J.

The atmosphere is charming . . . furnished in the early American period, quaint to the last detail . . . and then there is the ship's deck overlooking the sea, where the guest may recline in a stunner chair and enjoy the salt air and sunshine.

From \$7.00 a day American Plan  
or \$4.00 a day European Plan  
Special Weekly Rates

Garage Connections  
C. V. MEEKS, Managing Director

### A Hotel of Character

The character of a hotel is indicated by the class of people to whom it caters. When leaders in the business and professional worlds visit Cleveland, their friends seldom ask in what hotel they may be found. It is expected that they will make The Hollenden their home when in Cleveland.

There is an atmosphere of home-like comfort, efficient, yet unobtrusive service, and a charm of surroundings which makes the guest feel thoroughly at home.

1050 ROOMS—1050 BATHS  
300-CAR FIREPROOF GARAGE  
RATES \$3.00 AND UPWARDS

In Cleveland It's  
**THE HOLLENDEN**  
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Superior Ave. at East Sixth St.

In Cleveland It's  
**THE HOLLENDEN**

Large Enough  
to Serve You Well  
Small Enough  
to Know You

**Hotel  
Atlantic  
Chicago**

450 Rooms  
\$2.00 to \$4.00

Clark Street-  
Jackson Blvd.  
ROESSLER & TEICH  
Managers



called to the head office as assistant manager of the department there, and Mr. Pfafflin was appointed in his place.

H. M. Zimmer will continue as Illinois state agent. He is one of the wheel horses of the state and has a large responsibility.

## Favorable Turn as to New Plan

(CONTINUED FROM PAGE 4)

anticipated that much of the speaking in advocacy of the plan will be done by recognized leaders in fire underwriting circles.

### Are Sounding Sentiment

Arrangements have been made for the accommodation of at least 200 persons, and the number may be exceeded so company men are generally concerned over conditions now obtaining in the field and recognize that the present status can not continue. Companies having divisional offices in different sections have sought an opinion from each of their territorial managers regarding the proposed program. When these are received they will prepare a composite report as representing the views of the offices as a whole.

### Plan for Finance Business

Criticism of the plan continues to center almost wholly on the suggested method for dealing with finance business. While concededly the arrangement offered for handling the class is far from being an ideal one, it is yet the best that the committee, after months of critical study, was able to present. It is considered superior to any that former committees, who had struggled with the problem from time to time during the past three years, were able to formulate. If, as is regarded as highly probable, this feature of the report is seriously challenged, proponents of the plan will likely ask

the critics "what suggestions for its betterment they have to submit?" In other words, the framers of the reorganization plan are looking for helpful suggestions, and if these are of a practical nature, they will be only too glad to adopt them.

## Chapman & Co. to Sell Interest

(CONTINUED FROM PAGE 3)

son, an Indianapolis attorney; Hugh B. Keck, Chicago manager, Northwestern National Life; O. L. Ehlers, investment and industrial specialist; James C. Johnson, Equitable Bond & Mortgage Co., Chicago; W. F. Van Buskirk of E. A. Pierce & Co., investment house; Walter E. Uthe, public accountant, St. Louis; John L. Jones, Cornell, Ill.; Dr. Roy Bernard of Chicago.

Some of the stockholders of the Fire Insurance Company of Chicago have been anxious for it to begin business. However, the funds have been kept intact. If they had been invested and the company had started there would have been a considerable investment loss owing to the stock market condition.

## Field Watched Very Carefully

(CONTINUED FROM PAGE 3)

the dollar has been greatly reduced. Prosperity has been reigning and therefore there has been no great complaint. There has been but little slack in employment. The great majority of people had jobs.

### Employment Situation

Already there are indications of a new era and new levels in prices. The unemployment situation will be aggravated because even now a number of industries are laying off thousands of employees. Work is shut down. Prices are being reduced on radios, for example. There has been a cut in some automobile prices.

Those who are in a position to know say that undoubtedly lower levels will be created for almost every activity that has been enjoying a false existence. That will call for a readjustment of insurance in many lines, a checking up as to values, a watching of moral hazard being engendered. Underwriters can well look ahead and anticipate this sagging of values because the stock market is but an indication of what will likely follow all along the line. The next few months will be most interesting ones from an insurance standpoint. The very fact that moral hazard will be created in assureds that have been of high repute in the past makes the future full of foreboding.

### Will Enlarge Rochester Board

ROCHESTER, N. Y., Nov. 20. — At a dinner to be held by Rochester agents tonight action will be taken on the proposed merger of three insurance organizations of the city, which if effected will make the Underwriters Board of Rochester one of the largest local agency associations in the country

### Lilly New Adjusters Head

George Lilly, general adjuster in the western department of the America Fore fleet, was elected president of the Western Loss Association, an organization of Chicago and western territory adjusters, at the annual meeting Tuesday night. He succeeds M. D. Looney of the Hartford. This completes the first year of the association. Other new officers are: Vice-president, Paul Creagan, superintendent loss department, Security of Hartford, who succeeds James Brundrit of the Great American, and secretary-treasurer, H. M. Ferrers, superintendent loss department, Springfield Fire & Marine, successor to S. L. Nelson of the North America. The association's objects are to secure greater efficiency in adjusting fire losses and to promote cooperation.

THE SERVICE THAT SATISFIES

# W. W. VINCENT & CO. INSURANCE

175 W. Jackson Blvd.  
CHICAGO

111 John Street  
NEW YORK

## STATE AGENT WANTED Fire Insurance Company

member of one of the large groups, has an opening for an aggressive State Agent for the State of Iowa. Prefer man with Iowa following and experience if possible. Good future for one who can produce. Please state age, experience, present employment and approximate salary desired in first application. ALL APPLICATIONS CONFIDENTIAL. Address O-9, The National Underwriter.

### Special Agent & Adjuster Available

An experienced special agent and seasoned adjuster desires field connection in Chicago or adjacent territory. Experience includes complete knowledge of fire, tornado and automobile lines. Has large personal branch agency acquaintance. Complete references regarding employment and character furnished. Address O-12, The National Underwriter.

## POSITION WANTED

As manager of branch insurance office for Fire and Casualty Insurance Co. or General agency branch. Experienced, dependable, qualified. References furnished. Address O-6, The National Underwriter.

### Special Agency Work Wanted

A capable experienced producer desires Special Agency work in south, preferably in states of Mississippi or Arkansas. 5 years' experience as Special Agent. 6 years' experience as Local Agent. 36 years of age. Excellent references. Address O-12, The National Underwriter.

## GENERAL AGENCY WANTS COMPANY

Writing Fire and Casualty for Kansas and Colorado. Financially responsible, good volume, carefully underwritten. Address O-5, The National Underwriter.

# ORIENT INSURANCE COMPANY of Hartford, Connecticut

For fifty-seven years writing  
FIRE RIOT  
TORNADO EXPLOSION  
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Manager

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Pacific Dept.

Wm. W. GILMORE

Manager

332 Pine St.

SAN FRANCISCO

## THE NATIONAL UNDERWRITER

Formerly THE WESTERN UNDERWRITER

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C. M. CARTWRIGHT, Managing Editor  
FRANK A. POST, Associate Editor  
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DALE R. SCHILLING, Associate Editor

PUBLICATION OFFICE, 4194 Insurance Exchange, CHICAGO. Telephone Wabash 2704  
CINCINNATI OFFICE, 420 E. Fourth St., Telephone Main 5781, RALPH E. RICHMAN, Manager.  
ABNER THORP, JR., Director Life Insurance Service Dept.

NEW YORK OFFICE  
80 Maiden Lane, Tel. John 1032  
EMERSON SMITH, Eastern Manager  
GEORGE A. WATSON, Associate Editor  
CHESTER C. NASH, JR., Associate Editor  
SOUTHEASTERN OFFICE—ATLANTA, GA.  
1517 Fourth National Bank Building  
W. J. SMYTH, Resident Manager

SOUTHWESTERN OFFICE—DALLAS, TEX.  
515 Marvin Bldg., Tel. 2-6570  
J. F. GRAHAM, Resident Manager

SAN FRANCISCO OFFICE  
105 Montgomery Street, Room 907, Tel. Kearny 3054, FRANK W. BLAND, Resident Manager  
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### Market Value of Insurance Stocks

MANY agents have purchased stocks of insurance companies and owing to the financial crash in the stock market the market values have greatly decreased in sympathy with securities of other corporations. In some cases the stock probably went far beyond its intrinsic worth. People made the mistake of buying on future prospects rather than measuring the past record. However, insurance stocks as a rule are valuable possessions. A well

managed, soundly financed company is substantial and its stock is worth having. The market value may not reach the heights that it did but the shares represent real property of increasing value. It is likely that dividends will remain the same so that the earnings will be reflected through this distribution. There is no reason for those holding insurance shares to be disheartened at the present temporary market depression.

### Interesting Analysis Is Made

WALTER H. BENNETT, secretary of the NATIONAL ASSOCIATION OF INSURANCE AGENTS, in a contributed article to "Human Relations," the house organ of the INDEPENDENCE INDEMNITY and INDEPENDENCE FIRE, gives an interesting analysis of agency cost brought out in the assembling of agency experience through the better business methods committee of the National association. As is known, a questionnaire was sent out to members seeking information concerning agency routine and calling for a comparison of administrative and sales expenses with net premiums and gross commissions. There was a very gratifying response to these inquiries. As time goes on, of course, the NATIONAL ASSOCIATION OF INSURANCE AGENTS will acquire a broader experience because more members will contribute to the figures and those that have contributed will be more accurate in their computation.

Mr. BENNETT shows that in agencies having annual premiums of less than \$25,000 the administrative cost is 10.2 percent of the gross premiums and the sales cost 1 percent, giving a total of 11.2 percent. The same percentage cost to gross commissions would be 52.6 percent. Taking those offices having an annual premium income of between \$25,000 and \$75,000, the administrative cost is 9 percent of the gross premiums and the sales cost 2.6 percent, or a total of 11.6 percent. The same percentage cost to gross commissions would be 56.6 percent. Taking again those agencies running between \$75,000 and \$150,000, the

administrative cost is 8.5 percent and the sales cost 2.8 percent, or a total of 11.3 percent. Speaking in terms of gross commission percentage, the figure would be 55 percent. In agencies of \$150,000 to \$500,000 the administrative cost is 7.9 percent, sales cost 4.5 percent, or a total of 12.4 percent. The gross commission percentage would be 64.1 percent. When it comes to agencies of over \$500,000, the administrative cost is 7.8 percent and the sales cost 11.8 percent, making a total of 19.6 percent. Expressed in gross commission percentage the figure would be 87.2 percent.

This is an interesting analysis showing the cost as premium income increases in an agency. When an office reaches the higher premium income, it is evident that the sales cost increases due largely to the employment of sub-agents, solicitors or brokers. Where the sales cost increases there must be a larger volume in order that the supervising agency shall make a profit.

It was brought out in the questionnaire sent out by the NATIONAL ASSOCIATION OF INSURANCE AGENTS that a large number of agents had really not analyzed their own agency cost. When they had the average of all the contributors and compared it with their own they were able to do some readjusting. It is well that agents have figures of this kind because very often they need to show just what it is costing to do business.

If you are satisfied with the mediocre you will not advance beyond that point.

## PERSONAL SIDE OF BUSINESS

James C. Leech, Virginia special agent for the National of Hartford, and Miss Esther Beach of Hartford were married recently. Mr. Leech was connected with the home office of the National for several years before being transferred to field work in Virginia.

Col. Joseph Button, former Virginia commissioner, was the guest of honor at an oyster roast given by the Richmond Board. Colonel Button briefly reviewed his career in the office of commissioner covering a period of more than 20 years and told the agents that it was a source of regret to him that he had found it to his interests to give up the office.

J. P. Yates, resident manager at Los Angeles for the London & Lancashire fleet, last week celebrated the 40th anniversary of his connection with the London & Lancashire, which on Nov. 9, 1889, took over the Southern California Insurance Company, with which he was then associated.

A. E. Smoll, prominent Wichita insurance man and member of the Wichita Insurors, returned last week from a hunting trip in the Sacramento mountains of New Mexico, with a 225-pound, 10-point mule deer which he bagged the day following the opening of the deer season in that state. Only one deer can be shot by a person and Mr. Smoll reports that four members of his party of six got their quota.

Previous to his hunting trip, Mr. Smoll visited Mexico and took several hundred feet of moving pictures in Juarez, which he hoped to display to his friends. However, his films and machine were confiscated by the police as he started to return to the United States. After considerable argument the machine was returned and he has hopes of recovering the films after they have been developed and censored by the mayor of Juarez, who will, of course, remove any views that he may not wish shown in the United States.

William Ives Washburn, for many years general counsel and a director of the Home of New York, will retire from the former office Dec. 31, but will continue his membership on the board. He is a son of the late John H. Washburn, long president of the Home, and is a substantial stockholder. The past summer Mr. Washburn was severely hurt in a railway accident and this, it is assumed, partly induced his desire to withdraw from active business. At the close of the year the office of general counsel of the Home will be discontinued. Frank N. Crosby, who has long been connected with the legal staff, continues as office counsel, while certain work in connection with stock issues and the like, hitherto passed on by Mr. Washburn, will be looked after by a trust company.

J. E. Powell of Iola, Kan., one of the veteran agents in the state, died last week. He entered the business early in 1881 and had conducted a local agency at Iola continuously from that time. He was 48 years in the business. He was born in Kansas in 1860, one year before it was admitted to the state. J. M. Powell, the son, who has been active in the agency since 1914, will continue.

News of the intended retirement on Jan. 1 of Joseph Powell as head office general manager of the Commercial Union, recalls his visit to New York in 1907, when he was manager of the Union of London. The latter company had been represented in the United States by Hall and Henshaw, in conjunction with several other offices. Desiring to have sole representation here, Mr. Powell arranged for the appointment of Warren F. Goodwin of the firm of Hall & Henshaw as its United States manager and Archibald Kemp as assistant manager. Before final papers were signed, Mr. Powell received a cable from London, telling of the intended sale of the Union to the Commercial Union, and requesting his immediate return home. He sailed the following day, spending the whole of the preceding night with Mr. Goodwin, preparing data on the company's operations here. Mr. Goodwin continued his connection with Hall & Henshaw, with which he had long been associated, and of which he is the head today. Mr. Kemp, on the upset of the Union arrangement, went with the western department of the Northern of London, so continuing for a number of years. At present he is vice-president of the Firemen's of New-ark companies and one of the chief aids of President Neal Bassett.

Robert H. West, Jr., general manager of the all-allied stock activities of the Hartford Live Stock, is receiving the sympathy of his friends on account of the death of his father, Robert H. West of Cincinnati, founder of the first live stock exchange in America, and honorary president and active executive vice-president of the National Live Stock Exchange. The senior West died at the age of 82. The son has his supervisory office in Chicago and also spends considerable time at his Cincinnati office.

Clyde B. Smith of Lansing, Mich., president of the National Association of Insurance Agents, has popularized himself by his birthday anniversary cards. Evidently he has a large list of birthday "expirations." Every once in a while someone will be surprised to get one of Clyde Smith's red birthday greetings, signifying that he conveys roseate benedictions. It is said that Mr. Smith has one of the greatest libraries of birthday collections in the country. It is one of his hobbies and it is a most delightful one. Mr. Smith has his cards mailed out so that they arrive at their proper destination on the great natal day.

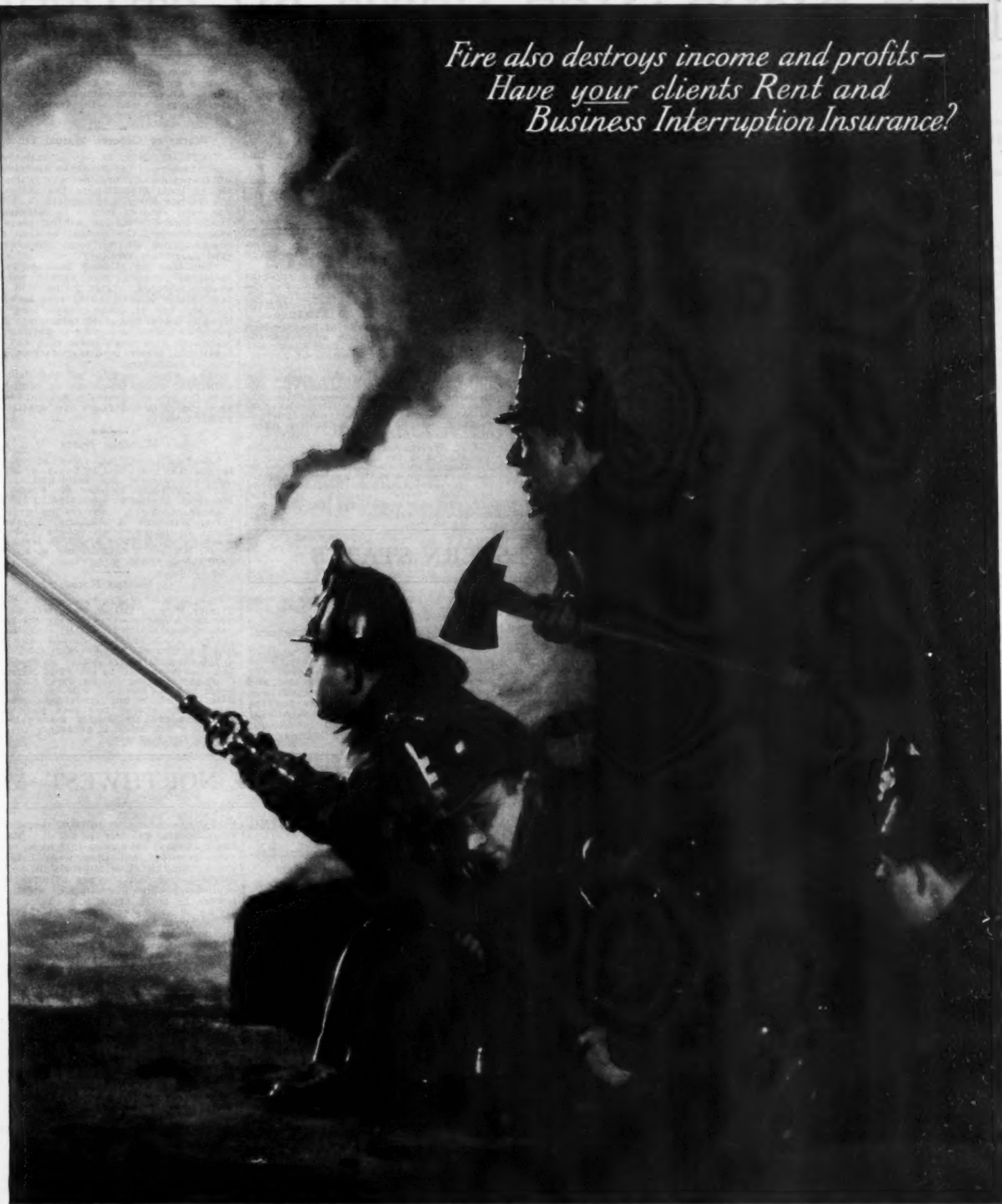
George B. Gray, former well known Minnesota and Wisconsin field man, was married the other day to Miss Frances A. Marks of Minneapolis. For many years she was connected with the fire insurance business in Minneapolis and for five years she had charge of Mr. Gray's office in that city. After a brief honeymoon they will be at home at Noble Hill Apartments, Ventura, Cal.

Otho E. Lane of New York, former president of the Niagara Fire, who has been at his old home at Franklin, O., owing to the death of a favorite aunt, was in Chicago for a few days last week.

Mosley W. Hardy of Little Rock, president of the American Company of Arkansas and head of the insurance firm of Hardy & Co., died last week. He had been in ill health for a number of months and spent three months at Johns Hopkins hospital at Baltimore. He went to Bay Head, N. J., to recuperate and seemingly was in good condition arriving at his home on his 50th anniversary, Oct. 18. He suffered a relapse. He was engaged in banking and insurance at El Dorado for a number of years but 15 years ago moved to Little Rock, becoming a member of the insurance firm of Miles & Hardy and later Durrett & Hardy. About 10 years ago the firm was changed to Hardy & Co. He was a vice-president of the Union Indemnity of New Orleans and its affiliated companies. He was vice-president of the Acme Brick Company, a director of the First National Bank of El Dorado and a director of the Sipsey Lumber Company of Buhl, Ala.



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AMERICAN EAGLE FIRE INSURANCE COMPANY

FIDELITY-PHENIX FIRE INSURANCE COMPANY  
FIRST AMERICAN FIRE INSURANCE COMPANY

NIAGARA FIRE INSURANCE COMPANY  
MARYLAND INSURANCE COMPANY OF DELAWARE

*Eighty Maiden Lane,*

ERNEST STURM, Chairman of the Board  
PAUL L. HAID, President

*New York, N.Y.*

THE FIDELITY AND CASUALTY COMPANY

ROBERT J. HILLIS, President.  
SAN FRANCISCO

NEW YORK

CHICAGO

DALLAS

MONTREAL

# FIRE INSURANCE NEWS BY STATES

## OHIO AND WEST VIRGINIA

### MUST OBSERVE THE RULING

#### Superintendent Younger of Ohio Insists That Companies Cease Violating Antidiscrimination Law

Superintendent Younger of the Ohio department is insisting that all companies observe his ruling on fleet coverage. He finds that some specific instances have been furnished the department showing violations of the ruling. The most grievous violation comes in the writing of what might be called improvised fleets where there is not a common ownership. In many cases employees' cars are included in order to get a lower rate where the employer has no interest. Judge Younger states that in many cases the inclusion of employees' cars is not so much to safeguard the interest of the employer as it is to cultivate the good graces of the employee. The granting of a fleet coverage rate in such cases is regarded as a rebate and discrimination. Where the employer has a number of cars that are used in his business he is entitled to fleet coverage. Judge Younger says there is no defensible excuse for a concession on the privately owned automobile merely because the owner belongs to a certain club, society, lodge, fraternity or association. He says further:

"The inclusion of individually owned private automobiles in a fleet coverage or a group, or in any other similar plan, for rating purposes, we think may properly be held to be a discrimination against other owners of the same type of automobile not so rated for insurance purposes. This practice makes for unfair competition and its continued use by companies and agents is in violation of the Ohio anti-rebate laws. It would seem that the determining factor for proper inclusion under fleet coverage must be ownership and not alone use."

#### Effect on Small Agents

Small local agencies in Ohio which have been existing largely on dwelling house business are finding that the reduced rates are not proving sufficient to offer a satisfactory income. Many of these smaller agencies have lost the one or two important commercial lines, which they may have written heretofore, to mutuals, to chain store insurance or to the large and important agencies of their own communities. As a consequence, they find that they must depend entirely on the dwelling house business to maintain and carry the agency. This is not sufficient.

#### Goodloe Slowly Recuperating

Thornton N. Goodloe, Ohio state agent of the Philadelphia Fire & Marine, who was seriously injured in an automobile accident, is recuperating slowly at Deaconess hospital in Cincinnati. Visitors are not allowed to see him yet. It is stated that his recovery will take a number of weeks.

#### Wiring Largest Loss Cause

COLUMBUS, O., Nov. 20.—State Fire Marshal Gill reports that although the loss due to faulty electrical wiring was reduced \$400,000 during the past year compared with the previous year, defective wiring is still the cause of the heaviest fire loss in Ohio. Defective fuses and sparks from chimneys caused the largest number of fires, but the loss in these is, as a rule, not so large as in the fires caused by defective wiring. Since 1924 there has been a steady decrease in the fire loss in Ohio, Mr. Gill reports. Of special interest, he says, is the fact that the loss in incendiary fires has been reduced \$50,000 within the

past year, compared with the preceding year. Fire Marshal Gill and his assistants are conducting a very active fire prevention campaign throughout the state and his work has brought high commendation from insurance men and public officials generally.

#### Big Attendance at Akron Inspection

More than 100 persons, including ten city firemen and a dozen men from the state fire marshal's department under the direction of Fire Marshal Ray R. Gill and Chief Deputy Eddie Lee, took part in the inspection at Akron, O., a few days ago, which had been arranged by the Ohio Fire Prevention Association and Akron officials. With four districts yet to report, the number of inspections was 1,259, with 915 defects found and 2,599 recommendations made. R. E. Verner of Chicago and Harry K. Rogers talked to school children and also at the dinner. Mrs. Kathryn Anneshansly of the state fire marshal's office also gave a talk to school children.

#### Tomlinson a Cincinnati Speaker

W. H. Tomlinson, executive secretary of the Ohio Association of Insurance Agents, was the speaker last Thursday at the monthly meeting of the Cincinnati Fire Underwriters Association. Mr.

Tomlinson has been busy recently visiting agencies all over the state in the interest of his organization.

#### West Virginia Mutuals Meet

The West Virginia Association of Mutual Fire Insurance Companies held its annual convention in Clarksburg this week.

#### Ohio Notes

The General Bonding Agency, Columbus, O., has been incorporated by Webb Vorys and others.

F. W. Wrecks of Chicago, superintendent of the marine department of the Aetna and World Fire & Marine, has been touring Ohio this week, visiting the representatives of his organization.

Allen C. Guy, manager of the Western Adjustment at Columbus, addressed the insurance class at Ohio State University last week on "Fundamentals of Adjustment."

It is reported in insurance circles that the General Motors Acceptance Corporation and its subsidiary, General Exchange Insurance Corporation, will open an office in Columbus, O. Headquarters, it is understood, will be established in the Huntington Bank Building.

J. C. Welsh, manager of the casualty department in the A. W. Shell agency of Cincinnati, was elected finance officer of the Bentley post of the American Legion, the largest American Legion post in Ohio. Mr. Welsh defeated J. H. Rader, compiler and statistician for The National Underwriter.

other community centers, were characterized by safety talks and demonstrations. An effort is being made to obtain for this year's series the feature photograph "The Fire Brigade."

#### Warns of Grocers Mutual Offer

DETROIT, Nov. 20.—In a bulletin to the members of the Michigan Association of Insurance Agents, Secretary George Brown calls attention to the action of the Grocers Mutual, Springfield, O., which has been sending letters to established stock company agents asking them to also represent the mutual because this company has written some business in that particular territory.

"The transfer of such business is an insidious proposal and should not be even considered," states the bulletin. "A few dollars of easy money may look attractive but it doesn't take long for news to travel in a small community that Jones or Smith or Brown is getting his insurance at a much lower rate and the inevitable result is dissatisfaction and loss of confidence."

"The whole question of the dependability of stock insurance as compared with the precariousness of mutual insurance comes to the front and upsets the public mind."

#### Michigan Notes

Loss estimated at from \$50,000 to \$60,000 was sustained at Saginaw, Mich., when fire swept the residence at 900 North Michigan avenue of Frank F. Sommers. Insurance amounted to \$52,000.

Insurance agency powers are granted Haig, Williams & McLane, Ypsilanti, Mich., in incorporation papers filed this week. Incorporators are H. B. Haig and F. W. McLane, Ypsilanti, and M. E. Williams, Ann Arbor.

#### Indiana Notes

Gordon S. Yeagan, secretary of the Trinity Fire of Dallas, Tex., was in Indianapolis last week reviewing the company's business, with W. K. Hankinson, Indiana state agent. The company has had a good year, Mr. Yeagan says.

The Clark B. Davis agency at Seymour, Ind., has been sold to the First National Company, located in the First National Bank and the business will be combined with that of the bank insurance department. The agency has been very successful under Mr. Davis' management, but his death made it necessary to dispose of the business.

## CENTRAL WESTERN STATES

### REPORT MADE ON HAMMOND

#### Engineers of the National Board Tell the Fire Fighting Facilities of the City.

The engineers of the National Board in reporting on Hammond, Ind., find the gross fire loss for the last five years was \$745,804. The average number of fires per 1,000 population was 4.65 and the average annual loss per capita was \$2.92. The engineers say that the water supply source is inadequate and that there are some unreliable features. The fire flow is seriously deficient due to small mains and low pressures. The fire department is fairly well manned and mainly well equipped. The single circuit fire alarm system is well maintained but heavily over-loaded. As to the conflagration hazard the report says:

"In the principal mercantile district, weak construction, lacking in fire resistive features, makes severe individual to group fires probable. The water supply is inadequate, but the fire department is fairly well manned and mainly well equipped and substantial outside aid is available. Heights are low but streets are of only fair width, and fires beyond control might readily involve large portions of the district. In the minor mercantile and manufacturing districts, several local fires are probable."

#### Lansing Agency Enters Life Field

LANSING, MICH., Nov. 20.—Expansion of the service of the Dyer-Jenison-Barry Company and Lansing Insurance Agency organization to include life insurance was announced this week by officials of the concern. The combined agencies, which are among the oldest and largest in the fire and casualty field in central Michigan, are rearranging their space to provide for the life department. The new division will be in charge of Robert L. Dillon, an experienced life salesman. The company with which the life business will be placed is the Northwestern Mutual Life.

The agency is headed by O. A. Jenison, one of the founders of the Dyer-Jenison-Barry Company. The other founders were the late Capt. George

Dyer and James V. Barry, now a vice-president of the Metropolitan Life.

#### Will Repeat Grand Rapids Programs

GRAND RAPIDS, MICH., Nov. 20.—Plans are being made by the Grand Rapids fire department to repeat the series of fire prevention programs and community entertainments staged last winter. More than 10,000 attended the meetings last year. These educational rallies, which were staged in schools, dance halls, factories, fire stations and

## STATES OF THE NORTHWEST

### TOWN MUTUALS THRIVING

#### Wisconsin Now Has 205 Concerns Covering Over One Billion Dollars in Risks

MADISON, WIS., Nov. 20.—Town mutual insurance in Wisconsin has increased \$152,000,000 in the last five years.

Town mutuals have been in existence in Wisconsin for 75 years. There are 205 in operation at present. The statutes permit each company to operate in 30 townships in any number of counties or in all of the townships of three adjoining counties.

The requirements regarding supervision of these companies by the state insurance department are not stringent. The department does not examine these companies, nor can it compel them to have a standard policy form, accounting system or standard methods and practices.

The following table shows the growth of this business:

Year	Assessm'ts	Losses	In Force
1924...	\$1,804,875	\$1,501,626	\$62,787,617
1925...	1,989,002	1,656,617	989,340,547
1926...	2,276,669	1,567,951	1,030,309,002
1927...	1,923,084	1,582,415	1,070,396,129
1928...	2,093,030	1,844,513	1,114,938,014

#### Forest Fire Loss Lessened

DULUTH, MINN., Nov. 20.—Foresters over northern Minnesota are congratulating themselves on the comparatively moderate fire losses reported in the

timber areas here, in spite of the exceptionally dry summer and fall. Three times as many fires as in 1928 were, however, reported but they were held in check through close supervision of the forest forces and the use of additional equipment. The installing of steel fire towers in more areas has enabled the giving of prompt warnings at the outset of conflagrations. Another interesting development is the use of airplanes to transport men and materials to the more inaccessible forest districts.

#### Milwaukee Board Dines

MILWAUKEE, Nov. 20.—The Milwaukee Board held its first dinner meeting of the winter last week.

Michael J. Cleary, former Wisconsin commissioner and now vice-president of the Northwestern Mutual Life, was the principal speaker. Mr. Cleary spoke on "Service" and declared that the growth of the insurance business in all its branches is due to the service rendered by the agents. Nearly all improvements in the business, Mr. Cleary said, have been directly traceable to demands made by agents on their companies.

#### Will Improve Duluth Protection

DULUTH, MINN., Nov. 20.—Fire department facilities and equipment in this city are to be extended on a liberal scale next year, according to announcement of the fire commissioners. Approximately \$30,000 has been made available for additions to the apparatus and personnel of the department.

#### Oppose State Fund

STOUGHTON, WIS., Nov. 20.—Local agents here will make a strong opposi-



# LOYAL TO PRINCIPLE—TO LOYAL AGENTS, LOYAL

## LOYALTY GROUP JANUARY 1, 1929, STATEMENTS

NEAL BASSETT, President  
A. H. HASSINGER, Vice-President

WELLS T. BASSETT, Vice-President  
ORGANIZED 1855

JOHN KAY, Vice-Pres't and Treas.  
ARCHIBALD KEMP, 2d Vice-Pres't

### FIREMEN'S INSURANCE COMPANY

OF NEWARK, N. J.

ASSETS	LIABILITIES	CAPITAL	NET SURPLUS	SURPLUS POLICYHOLDERS
\$63,349,645.94*	\$19,562,549.89	\$16,000,000.00*	\$27,787,095.95*	\$43,787,095.95*

HENRY M. GRATZ, President  
JOHN KAY, Vice-Pres't

A. H. HASSINGER, Vice-Pres't

WELLS T. BASSETT, Vice-Pres't

NEAL BASSETT, Vice-President  
ARCHIBALD KEMP, 2d Vice-Pres't

### THE GIRARD F. & M. INSURANCE CO.

OF PHILADELPHIA, PA.

\$ 6,036,606.06	\$ 2,834,467.72	\$ 1,000,000.00	\$ 2,202,138.34	\$ 3,202,138.34
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NEAL BASSETT, President  
A. H. HASSINGER, Vice-Pres't

WELLS T. BASSETT, Vice-Pres't  
ORGANIZED 1854

JOHN KAY, Vice-Pres't and Treas.  
ARCHIBALD KEMP, 2d Vice-Pres't

### THE MECHANICS INSURANCE CO.

OF PHILADELPHIA, PA.

\$ 4,881,357.40	\$ 2,770,413.44	\$ 600,000.00	\$ 1,510,943.96	\$ 2,110,943.96
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NEAL BASSETT, President  
A. H. HASSINGER, Vice-Pres't

WELLS T. BASSETT, Vice-Pres't  
ORGANIZED 1866

JOHN KAY, Vice-Pres't and Treasurer  
ARCHIBALD KEMP, 2d Vice-Pres't

### NATIONAL-BEN FRANKLIN FIRE INS. CO.

OF PITTSBURGH, PA.

\$ 5,021,040.43	\$ 2,502,743.59	\$ 1,000,000.00	\$ 1,518,296.84	\$ 2,518,296.84
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A. H. TRIMBLE, President  
JOHN KAY, Vice-Pres't

A. H. HASSINGER, Vice-Pres't

WELLS T. BASSETT, Vice-Pres't  
ORGANIZED 1871

NEAL BASSETT, Vice-Pres't  
ARCHIBALD KEMP, 2d Vice-Pres't

### SUPERIOR FIRE INSURANCE CO.

OF PITTSBURGH, PA.

\$ 4,837,239.59	\$ 2,492,228.84	\$ 1,000,000.00	\$ 1,345,010.75	\$ 2,345,010.75
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W. E. WOLLAEGER, President  
A. H. HASSINGER, Vice-Pres't

NEAL BASSETT, Chairman of Board  
WELLS T. BASSETT, Vice-Pres't  
ORGANIZED 1870

JOHN KAY, Vice-Pres.  
ARCHIBALD KEMP, 2d Vice-Pres't

### CONCORDIA FIRE INSURANCE CO.

OF MILWAUKEE, WIS.

\$ 5,359,804.52	\$ 2,486,092.08	\$ 1,000,000.00	\$ 1,873,712.44	\$ 2,873,712.44
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CHARLES L. JACKMAN, President  
JOHN KAY, Vice-Pres't

A. H. HASSINGER, Vice-Pres't

WELLS T. BASSETT, Vice-Pres't  
ORGANIZED 1886

NEAL BASSETT, Vice-President  
ARCHIBALD KEMP, 2d Vice-Pres't

### CAPITAL FIRE INSURANCE CO.

OF CONCORD, N. H.

\$ 666,598.88	\$ 196.08	\$ 300,000.00	\$ 366,402.80	\$ 666,402.80
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CHARLES L. JACKMAN, President

ORGANIZED 1905

M. R. JACKMAN, Vice-President

### UNDERWRITERS FIRE INSURANCE CO.

OF CONCORD, N. H.

\$ 175,689.24	\$ 000.00	\$ 100,000.00	\$ 75,689.24	\$ 175,689.24
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CHAS. H. YUNKER, President  
A. H. HASSINGER, Vice-Pres't

NEAL BASSETT, Chairman of Board  
WELLS T. BASSETT, Vice-Pres't  
ORGANIZED 1852

JOHN KAY, Vice-Pres't  
ARCHIBALD KEMP, 2d Vice-Pres't

### MILWAUKEE MECHANICS INSURANCE CO.

OF MILWAUKEE, WIS.

\$12,792,945.35	\$ 7,243,098.89	\$ 2,000,000.00	\$ 3,549,846.46	\$ 5,549,846.46
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J. SCOFIELD ROWE, President  
J. C. HEYER, Vice-Pres't  
JOHN KAY, Vice-Pres't

A. H. HASSINGER, Vice-Pres't

NEAL BASSETT, Chairman of Board  
E. J. DONEGAN, Vice-Pres't and Gen'l Counsel  
EARL R. HUNT, Vice-Pres't

W. M. P. STANTON, Vice-Pres't  
WELLS T. BASSETT, Vice-Pres't  
ORGANIZED 1874

S. WM. BURTON, Vice-Pres't  
S. K. McCLURE, Vice-Pres't  
E. G. POTTER, 2nd Vice-Pres't

### METROPOLITAN CASUALTY INSURANCE CO.

OF NEW YORK, N. Y.

\$15,452,308.70	\$10,173,698.43	\$ 1,500,000.00	\$ 3,778,610.27	\$ 5,278,610.27
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C. W. FEIGENSPAN, President  
WINTON C. GARRISON, Vice-Pres't and Treasurer

ORGANIZED 1909

W. VAN WINKLE, Vice-Pres't and Gen. Mgr  
E. C. FEIGENSPAN, Vice-Pres't

### COMMERCIAL CASUALTY INSURANCE CO.

OF NEWARK, N. J.

\$14,975,568.30	\$ 9,975,568.30	\$ 2,500,000.00	\$ 2,500,000.00	\$ 5,000,000.00
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TOTAL OF ASSETS  
\$133,548,804.31\*\*

TOTAL OF LIABILITIES  
\$60,041,057.26

TOTAL NET PREMIUMS  
\$50,467,137.06

#### WESTERN DEPARTMENT

844 Rush Street

Chicago, Illinois

H. A. CLARK, Manager

H. R. M. SMITH

JAMES SMITH FRED W. SULLIVAN  
Assistant Managers

#### EASTERN DEPARTMENT

10 Park Place

Newark, New Jersey

#### CANADIAN DEPARTMENT

461-467 Bay Street

Toronto, Canada

MASSIE & RENWICK, Limited,  
Managers

#### PACIFIC DEPARTMENT

60 Sansome Street

San Francisco, California

W. W. & E. G. POTTER,  
Managers

JOHN R. COONEY  
Assistant Manager

\*As of April 6, 1929. \*\*Includes stock holdings in other insurance companies on capital and surplus basis.

## Great American Insurance Company

Choose  
Your  
Company

### New York

Choose  
Your  
Company

INCORPORATED - 1872  
STATEMENT JANUARY 1, 1929  
CAPITAL

**\$15,000,000.00**

RESERVE FOR ALL OTHER LIABILITIES

**24,465,534.40**

NET SURPLUS

**27,729,318.71**

ASSETS

**67,194,853.11**

SURPLUS FOR THE PROTECTION OF POLICY HOLDERS

**\$42,729,318.71**

LOSSES PAID POLICY HOLDERS

**\$204,088,888.03**

WESTERN DEPARTMENT  
310 South Michigan Avenue, CHICAGO, ILL.  
C. R. STREET, Vice-President

F. R. Ormsby, President

H. Edward Bilkey, Secy.

C. J. Kepler, Treas. and Asst. Secy.

## Industrial Fire Insurance Co.

Akron, Ohio

January 1, 1929

Capital \$500,000

Surplus to Policyholders Over \$1,000,000

Total Admitted Assets \$1,900,000

An Ohio Company Writing Fire, Windstorm and Automobile Insurance. Why Not Represent an Ohio Company?

**AGENTS WANTED**

GEO. M. EASLEY

HAL V. HAYS

## GEO. M. EASLEY AND COMPANY GENERAL AGENTS—DALLAS

"HE PROFITS MOST WHO SERVES BEST"

Boston Ins. Co.

Pittsburgh Underwriters

Patriotic Insurance Company

Federal Ins. Co. of Jersey City

Globe Indemnity Co. New York

Fire & Marine Und. Agency of Automobile Ins. Co. of Hartford

W. H. KUHLMAN, President

WM. F. KRAMER, Secretary

Organized 1865

## The RELIABLE FIRE INSURANCE COMPANY

DAYTON, OHIO

**Surplus to Policyholders \$1,039,042.00**

An independent Ohio Company with a record of more than 60 years of honorable dealing with Agents and Assureds

tion to the proposal which has been made here to insure city school property with the state fire fund. W. H. Pierstorff, manager of the fund, has made a survey of insurance rates on the public library which the library board has announced it intends to insure with the state fire fund.

### Insurance Club Hears Life Man

MINNEAPOLIS, Nov. 20.—John Savlan, manager of the ordinary department of the Prudential, addressed the members of the Insurance Club of Minneapolis on the difference between mutual life companies and other mutuals at a luncheon meeting Tuesday. He also drew from his personal experience in voicing his opinions on good and bad selling habits. F. W. Correll announced a membership drive contest. The goal is 400.

### Dakota Mutuals Would Merge

PIERRE, S. D., Nov. 20.—A hearing has been set for Dec. 3, in the office of the insurance commissioner, on the application of the South Dakota Employers Protective and the Sunshine Mutual, both of Sioux Falls, S. D., to consolidate under the name of Sunshine Mutual. The Employers Protective was originally formed to carry workmen's compensation insurance alone, but has since branched out under reorganization into a number of lines of insurance, and with the consolidation will be writing practically all lines except life insurance.

### Kenosha Board Launched

KENOSHA, WIS., Nov. 20.—Twenty-three local agents of Kenosha, meeting with Joseph G. Grundle, executive secretary of the Milwaukee Board and secretary of the Wisconsin Association of Insurance Agents, began the formation of a Kenosha Board last week.

A temporary organization was formed, and a meeting is to be held for the adoption of by-laws. Kenosha was thoroughly aroused to the need of a local board in this city when school insurance amounting to about \$2,000,000 was placed

with the Wisconsin state fire insurance fund.

### Wisconsin Notes

A number of Milwaukee fire insurance agents and field men attended the organization meeting of the Wisconsin State Fire Chiefs Association last week.

James Pennefeather of the Pennefeather Agency, Kenosha, Wis., died at his home there of a heart attack. Mr. Pennefeather had been in the insurance business in Kenosha for 40 years.

Stuart Auer of Auer, Inc., Milwaukee agency, is directing a membership campaign for the National Aeronautic Association in Wisconsin. Mr. Auer is Wisconsin governor of the organization.

Earl White of the Flieth agency, Wausau, Wis., addressed local business men in the fifth annual public speaking school of the Y. M. C. A. on "Public Speaking as a Business Asset."

J. E. Florin, superintendent of fire prevention for the Wisconsin Industrial commission, spoke on fire waste in industry at last week's session of the Milwaukee fire prevention school.

Allan J. Roberts, president of the Roberts Company, large Milwaukee agency, has been named president of the Whitefish Bay State Bank, which it is expected will be opened early in January in that suburb of Milwaukee.

### Minnesota Notes

Fire destroyed four frame business houses at Medford, Minn., causing \$25,000 estimated damage. The fire was caused by a boiler explosion. Fire departments from Owatonna and Faribault responded.

Damage estimated at \$150,000 was caused by a fire which swept the main section and a wing of the quartermaster building at Fort Snelling, Minn. Minneapolis and St. Paul firemen assisted over 1,000 soldiers in fighting the blaze. The fire started in the furnace room.

Carl Berndt is in jail in Carrington, N. D., charged with arson. Berndt is said to have confessed burning a granary to cover up a theft of grain.

## IN THE MISSOURI VALLEY

### MAKE INSURANCE DAY PLANS

Joint Meeting to Be Held in December to Discuss Nebraska Celebration for Next Year

LINCOLN, NEB., Nov. 20.—Future plans for Insurance Day in Nebraska are to be made at a joint meeting in Lincoln early in December of the local fire and life underwriters' associations. The initiative in the matter was taken Monday by the insurance subdivision of the Lincoln chamber of commerce, which has had charge of the two state celebrations held here the last two years. Chairman M. A. Hyde, who has been in charge, is of the opinion that the work of calling and arranging for such an affair, state-wide in character, should not be left to the insurance subdivision of any one city chamber of commerce, but that a state organization should assume responsibility and supervision. He suggests the Nebraska Insurance Federation as the proper body, with a possible alternation of the place of meeting between Lincoln, Omaha and some out-state city large enough to handle the 200 or 300 people attending. The federation officials do not feel that they are yet in a position to assume this work.

The executive committees of the two associations will be in charge of the joint meeting in December, and will determine whether to continue the monthly meetings the chamber of commerce insurance subdivision has held during the past year. The value of these meetings in keeping before the public the importance of insurance as an institution is admitted, but it has been impossible in the past to get the cooperation of the insurance men of the city.

### Requires Permit for Stock Sale

F. T. Stockard, Missouri state securities commissioner, has issued a warn-

ing to salesmen and companies dealing in insurance stocks that they must register such stock and have a permit from the securities department before they can legally sell it in Missouri.

It has come to Commissioner Stockard's attention that several companies are being formed in Missouri to sell insurance stock, getting out from under the jurisdiction of the insurance department by a scheme whereby the entire stock issue of an insurance company is taken over by a sales company or holding company, and then resold to the general public.

### Iowa Mutuals Holding Meeting

DES MOINES, Nov. 20.—The Iowa Association of Mutual Insurance Associations is holding its annual convention here this week. Speakers include H. J. Rowe, secretary of the association; A. V. Gruhn, manager of the American Mutual Alliance, Chicago; M. O. Rod, state president, and O. M. Thurber, Owatonna, Minn.

### Nebraska Hail Fund Will Pay Out

LINCOLN, NEB., Nov. 20.—For the second year in succession the state hail insurance fund will pay out in full, according to a preliminary statement issued by Commissioner Dort. The premiums collected total \$20,172 and the

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Without loss of efficiency by transferring your inactive records into low-priced

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Collapsible FILE

Automatic spring lock, steel reinforced, 3-ply bottom, dust proof, durable, 86 sizes. Costs less than interest and depreciation on steel files. Insist on seeing QUIK-LOKS before purchasing Storage Files.

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adjusted losses \$13,801. Last year the premiums were \$20,562 and the losses paid \$19,602. The record of previous years, when policyholders had to accept partial payments because premium collections were insufficient to pay losses in full has so reduced the fund in popularity that it cuts little figure in this line of coverage. In 36 counties of the 93 no farmers applied for state hail insurance, and in 22 of the 57 where it was sold no losses were reported.

#### Mason City Agency Reorganized

The Iowa Company, which was recently organized at Mason City, Ia., to succeed the insurance firm of McNider & Co., founded more than 40 years ago by the late C. H. McNider, is now located at 309 First National Bank building, Mason City.

The company writes fire, casualty and life insurance. Hanford MacNider, former assistant secretary of war, is president; Willis G. C. Bagley, Carl A. Parker and Robt. P. Smith, vice-presidents; Harold V. Bull, secretary and treasurer.

Max G. Kissick will have supervision of the life, group and accident department. For five years he was special representative for the Travelers in Iowa and later became branch manager for the Franklin Life in Fort Worth and Dallas, Tex.

#### Test Fireworks Regulations

TOPEKA, KAN., Nov. 20.—William A. Smith, Kansas attorney-general, has prepared an application for a writ of quo warranto in the state supreme court to determine the powers of the state fire marshal in regulating the sizes and forbidding the use of certain fireworks. The suit is a friendly action directed against Douglas A. Graham, fire marshal, at his request, so as to get a definite court ruling.

#### Kansas October Losses Higher

TOPEKA, KAN., Nov. 20.—October fire losses in Kansas totaled \$100,000 more than for October, 1928, with 190 losses reported for a total of \$307,080, as compared with losses of \$208,941 from 206 fires last year, according to the monthly report of Douglas A. Graham, state fire marshal.

Mr. Graham laments the fact that losses increased the past month, especially in view of the intensive fire prevention week campaign carried on throughout the state.

#### Waterloo in Class 3

WATERLOO, IA., Nov. 20.—J. R. Vaughn of the Waterloo board has received notice from the National Board that the city has been advanced to Class 3, in the same group with Dubuque and Davenport, the only other cities in the state having such a high rating. Six years ago Waterloo was a Class 6 city but improvement of fire fighting equipment and city-wide elimination of fire risks have brought it forward rapidly.

#### Stresses Gasoline, Naphtha Hazard

DES MOINES, Nov. 20.—To acquaint the public with danger incidental to home dry cleaning, a booklet has just been prepared for distribution by John W. Strohm, Iowa fire marshal. Marshal Strohm emphasizes in his booklet the fact that the latent destructive power of a pint of gasoline or cleaners' naphtha has been likened to that of a pound of dynamite, and declares that "to bring either of these treacherous fluids into the home is as unnecessary as it is foolish."

#### Western Adjustment's Kansas Changes

Armon Williams, staff adjuster with the Wichita, Kan., office of the Western Adjustment for several years past, will be transferred to Dodge City within the next month, where he will serve as resident adjuster under the Wichita office. E. W. Beeson was transferred to Parsons with similar duties six weeks ago. It is probable that at least one additional staff adjuster will be transferred to Wichita by Jan. 1.

Manager George M. Montgomery announces that the Wichita office will be located, after Dec. 1, at 501-3 Ellis-Singleton building, where additional office space will be available.

#### To Give Des Moines Address

Through the efforts and at the expense of the Iowa State Fire Prevention Association, Harry L. Shearer, secretary of the fire prevention committee of the Detroit board of commerce, will address

the council members meeting of the Des Moines chamber of commerce on the subject of fire prevention, Dec. 6.

### Kansas Notes

L. B. Brown of the Anderson, Brown & Ginzler agency of Wichita, prominent in the activities of the Wichita Insurers, has been named chairman of the Christ-Seal campaign of the Wichita Tuberculosis Association.

The National Finance & Investment Company Agency, member of the Wichita Insurers, with W. J. Harrell as manager of the insurance department, has been taken over by the Lincoln Investment Company, recently organized. Mr. Harrell will be manager of the new organization.

Shelby Holmes, solicitor specializing on aviation insurance with the Dulaney, Johnston, Yankee & Priest agency of Wichita, is spending three weeks in New York City at the offices of the United States Aviation Underwriters, learning the latest rules and coverages for airplane risks.

Marcellus N. Murdock, publisher of the Wichita "Eagle," is managing the insurance agency of George K. Spencer, veteran Wichita agent, who shot and killed himself recently, until disposition is made of the estate. Mr. Murdock was

named as executor and sole beneficiary in the will.

#### Missouri Notes

Joseph F. Leffson, vice-president of the Merchants Fire of New York, and Robert Brenninger, manager of the automobile department of that company, were at the Thomas McGee Agency, Kansas City Mo., this week.

Will H. Smith & Son have sold their agency at Brookfield, Mo., to Clarence I. Bain. Mr. Smith bought out the A. W. Baker & Son agency at Brookfield several years ago and conducted the agency up until the present move was made.

Chris J. Kehoe, president of F. D. Hirschberg & Co., St. Louis, has been named on a special committee of the "Post-Dispatch" Christmas festival, an annual treat arranged for the poor children of the city by the newspaper.

The St. Louis fire department will respond to emergency fire alarms from the Pine Lawn fire department in St. Louis county. Pine Lawn has agreed to pay the city \$50 an hour for the use of its apparatus. Various communities of St. Louis county have perfected arrangements for mutual cooperation in fire fighting.

C. H. Tyrrell of the Tyrrell insurance agency, Spencer, Ia., has sold his business to John C. Dardis of Des Moines and will retire from business for a time.

## STATES OF THE SOUTHWEST

### TEXAS RATES ARE REVISED

Insurance Board's New Schedule Will Reduce Premiums \$750,000 Over Five Year Period

AUSTIN, TEX., Nov. 20.—The Texas board of insurance commissioners has revised the Texas insurance rate schedule which will reduce the companies' premium income approximately \$750,000 over a five year period. A public hearing was held in September and the arguments presented were carefully considered. The revisions were based upon the experience of the period from 1924 to 1928.

Amendments to the general basis schedules are as follows:

The classes for which rates have been decreased are as follows:

Aeroplane hangars, brick and frame, in protected and unprotected towns.

Apartment houses, brick, in protected towns.

Churches, all classes, except fireproof and sprinklered.

Dwellings, brick in protected towns.

Fireproof, semi-fireproof and/or sprinklered buildings, garages (other than private) brick and frame, in protected towns.

Garages (other than private) brick, in unprotected towns.

Hospitals, all classes, except fireproof and sprinklered.

Nurses homes, all classes, except fireproof and sprinklered.

Packing houses (meat), brick in protected and unprotected towns.

Woodworkers of all kinds, brick, in protected and unprotected towns.

Court houses, city halls, electric light and power plants, fire department houses, hospitals, jails, police stations, state houses, waterworks.

#### Classes Which Are Raised

The classes for which rates have been increased are as follows:

Apartment houses, frame, in unprotected towns.

Boarding and rooming houses, frame, in protected and unprotected towns.

Clothing factories, all classes, except fireproof and sprinklered.

Croseting works, all classes, except fireproof and sprinklered.

Flour mills, frame, in protected and unprotected towns.

Groceries, wholesale, all classes, except fireproof and sprinklered.

Hay warehouses, frame, in protected and unprotected towns.

Stocks in brick mercantile buildings in protected and unprotected towns.

Overall factories, all classes, except fireproof and sprinklered.

Packing houses (meat) frame, in protected and unprotected towns.

Pants factories, all classes, except fireproof and sprinklered.

Pier and wharf risks, frame, in protected towns.

Shirt factories, all classes, except fire-

### STATEMENT FROM AGENTS

Texas Association Gives Its Position as to the Commission Rating of the State

The Texas Association of Insurance Agents has gotten out an open letter in view of the fact that Secretary T. R. Mansfield of the Gulf, in a recent issue of the Dallas "News," stated that the poll of local agents as to the flat commission ruling was not comprehensive but was confined to members of the Texas Association of Insurance Agents. He furthermore stated that the Texas association is working in close harmony with foreign companies which, he declared, are seeking to destroy the competition of Texas companies. The Texas association in its letter states that ballots were mailed to every local agent in the state. It declares that it was not aligned with foreign companies. It states there are 14 Texas companies and of these only four are contesting the commission order. The position of the Texas association is given as follows:

#### The Association's Statement

After the board of insurance commissioners had made a complete investigation of the commission situation in this state, having held numerous meetings with the different interests involved, it became evident to the officers of the Texas Association of Insurance Agents, that the board would issue an order regulating the commissions to be paid local agents on fire insurance. Many hours were spent in conferences with those in authority and every legitimate effort possible was made to have this order provide a rate of commission that the officers of this organization considered equitable and just, and when the order was issued, the officers were disappointed to find that on the whole it provided for a smaller compensation to local agents than they anticipated. Following this, the ballots were mailed and on their return they were separated as to members and non-members, and the non-members voted more than two to one in favor of the order, with the members voting only a slightly higher percentage.

"Being guided by the vote of the agents, and knowing that the board of insurance commissioners had issued the order with the feeling that it was a mat-

proof and sprinklered.

Woodworkers of all kinds, frame, in protected and unprotected towns.

Cereal mills, frame, in protected and unprotected towns.

Dwellings, frame in unprotected towns.

ter of public necessity and that they had made every possible effort to obtain the true facts concerning the commission situation, not only in Texas, but in other states, officers of the Texas Association of Insurance Agents consequently decided the only fair thing to do was to accept the order as issued, having been assured that when sufficient data could be compiled and presented to the board, every consideration would be given to revisions that would serve to compensate local agents more in line with that desired."

#### Flint in Thaxton Firm

George M. Flint has been taken into the firm of W. L. Thaxton & Co., Houston, Tex., insurance agency. Mr. Flint was one of the organizers of the National Standard Fire of Houston and has been secretary-treasurer since it started writing. He will continue as a director. He is also secretary-treasurer of the National Standard Life of Houston, running mate of the fire company, and will continue in that capacity. Mr. Thaxton is sole owner of the business but Mr. Flint becomes a member of the firm. Mr. Flint has spent his entire business life in insurance, formerly having been associated with the Andrews-McDowell agency of Dallas for several years before going to Houston.

#### Aid Community Fund

OKLAHOMA CITY, Nov. 20.—Fire and casualty men played a prominent part in the community fund drive here, with L. I. Baker of the L. I. Baker agency and T. Dana Roberts of the T. Dana Roberts agency as colonels. Jack Adams, John McCullough, Woods Clarke, F. E. Sullivan, G. T. Beaver, F. Wiley Ball, H. C. Moran, Ben A. Longfellow, Clarence Haskett, T. E. Braniff, John S. Wells and Leland Booth also aided.

#### Approve Oklahoma Stock Schedule

OKLAHOMA CITY, Nov. 20.—The Oklahoma insurance board has approved the schedule of rates and extended the limit of insurance on live stock owned by farmers in the state. The same rates will prevail but the limit of insurance may be increased, according to A. L. Rourke, secretary.

#### Donica Speaks at Oklahoma City

OKLAHOMA CITY, Nov. 20.—J. F. Donica, secretary of the America Fore companies in Chicago, was here last week as guest of T. Ray Phillips of the Niagara. Mr. Donica, Mr. Phillips and P. J. Slater were special guests at a meeting of the Insurance Women's Association of Oklahoma City. Mr. Donica expressed his pleasure in knowing that insurance women of the city had organized, with the hope that such a movement would expand into every city of the United States.

#### Ingalls Preparing School Report

OKLAHOMA CITY, Nov. 20.—C. T. Ingalls, manager of the Oklahoma Inspection Bureau, is preparing a fire prevention and life hazard report on the Oklahoma City schools at the request of the school authorities. The report will be quite similar to the extensive report published earlier in the year on the Tulsa schools which was enthusiastically received by the Tulsa school officials and fire insurance managers and examiners.

#### Arkansas Losses Reported

LITTLE ROCK, ARK., Nov. 20.—A total of 134 fires in October caused loss of \$426,775 in Arkansas. The most disastrous blaze was that which destroyed a block of buildings at Weiner with loss of \$100,000.

### Oklahoma Notes

Assistant Western Manager G. B. Sedgwick of the Great American in the west is in Oklahoma this week.

The Oklahoma Fire Prevention Association inspected Guthrie last week with 30 members present. Purchase of some new fire fighting equipment was recommended.

Damage estimated at \$75,000 was caused by fire at the Jacobs Mercantile Company, Tulsa, Okla. Neither the building nor furnishings were covered

JAMES J. CAREY  
President

JOSEPH GERSON  
Vice-President

E. T. LYONS  
Sec. & Managing  
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## THE COLUMBIAN NATIONAL FIRE INSURANCE COMPANY

of Lansing, Michigan

Fire Windstorm Rents Use & Occupancy

Since

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NOW WRITING

FIRE TORNADO HAIL LIGHTNING  
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Applications welcomed in territory where this company is not already represented.

JOHN H. GRIFFIN, President

## NORTHWESTERN

FIRE & MARINE INSURANCE COMPANY  
MINNEAPOLIS, MINNESOTA



"—Rent Insurance, why isn't it sold more extensively?—why not let me send my weekly letters to you—they may contain a thought which would mean new business for you and I will be pleased to help you."

Will Wrightem

Field Correspondent

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Seaboard Fire & Marine Insurance Co.  
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## Germanic Fire Insurance Company of New York

122 E. 42nd Street New York City

Statement as of June 30, 1929

Capital . . \$1,000,000.00 Surplus . . \$1,506,406.86

Surplus to Policyholders  
\$2,506,406.86

Gain in Assets—First Six Months Operation  
\$218,000.00

Opportunities for Progressive Agents in Profitable Cities and Towns

by insurance according to Fire Chief Pitts.

### Texas Notes

Julius Levi, well known insurance man of Houston, Tex., was married last week to Miss Leonie Kahn of Shreveport, La. Childress, Tex., with one of the best fire records in the state, suffered fire loss of \$20,000 when the B. G. Harrison drug store burned.

The key rate at Farmersville, Tex., has been reduced from 63 to 38 cents,

due to new fire fighting equipment, better waterworks and other improvements. On the heels of Fire Prevention Week, Dallas sustained a \$150,000 fire when the Dallas Cooperage & Woodenware Company burned almost to a shell. The fire also destroyed several freight cars on a siding nearby.

Mr. and Mrs. Alden S. Young of Fort Worth, Tex., have been spending a vacation in Little Rock visiting Mr. and Mrs. Edward D. Bennett. Mr. Young is manager of the Southwestern Adjustment of Fort Worth. Mr. Bennett was formerly with the Southwestern Adjustment, but is now an independent adjuster in Little Rock.

## IN THE SOUTHERN STATES

### WEIGH PRIVATE PROTECTION

May Protect Central Kentucky Farms  
—Rating of Risks Presents Number of Problems

LOUISVILLE, KY., Nov. 20.—Fire fighting equipment for individuals and unincorporated communities is being considered in central Kentucky so that large individual community values in dairy, thoroughbred horse and general live stock farms and buildings can be safeguarded. At the present time there is no provision for lower insurance rates, except on sprinklered risks, where the owners have special equipment for handling fires. The Kentucky Actuarial Bureau has not offered any reduced rates if these improvements are made and probably will not do so until they are made and the reduction actually asked for.

There are many difficulties involved in bringing about an adequate, satisfactory rate for communities and individuals with fire fighting equipment to safeguard property.

Communication is important in considering the effectiveness of community equipment. There also must be personnel to man the equipment at point of housing; equipment must be taken to point endangered promptly; returned promptly, and put into shape for immediate use.

If someone in the community does not belong to the organization and the equipment is used to aid him it leaves those risks having a special rate, with inadequate protection. On large stock farms, where many men are employed, the force available to aid in using the fire equipment would be depleted on Sundays and holidays, and during the time of fairs, circuses and other events. Thus the fire hazard would be greatly increased.

### Work on Credit System

RICHMOND, Nov. 20.—The Richmond Board has a special committee at work trying to devise a uniform credit system. The committee, headed by W. T. Johnson, has recently been making a study of the Norfolk plan, under which policies are stamped with notice that the policies will be cancelled if settlement is not made by the 15th of the month following its issuance.

### Spengler Made Deputy

D. L. McCoy most loyal grand gander of the Blue Goose, has announced the appointment of Thomas L. Spengler, past most loyal gander of the Mississippi pond, Jackson, as deputy most loyal grand gander for Mississippi, Louisiana and Arkansas, in addition to the grand nest appointments previously announced.

### Executive Committee Meets

The executive committee of the Southeastern Underwriters Association is meeting this week at Pinehurst, N. C.

### Kentucky Report Issued

FRANKFORT, KY., Nov. 20.—Arch H. Pulliam, acting Kentucky insurance commissioner, in his annual report notes that four stock and one assessment fire companies were organized in Kentucky the past year. He urges revision of the law governing insurance companies' in-

vestments which was enacted in 1893 and needs modernization. Twenty-six new stock fire companies were licensed in Kentucky during the year and three withdrew. Twenty stock casualty companies were admitted and five withdrew. The insurance department collected \$1,124,144 in taxes from the various kinds of insurance carriers and \$56,843 was spent for operating the department.

### Banker-Agent Under Arrest

LOUISVILLE, Nov. 20.—John W. Yerkes, until recently cashier of the Farmers & Traders Bank at Paris, Ky., and operator of the John W. Yerkes agency of that place, is under arrest, charged on two warrants with embezzlement of approximately \$12,000 in bank securities.

The Yerkes agency has been under investigation by some of the companies in the office, and a deal was pending for sale of the agency, or the business on its books, in an effort to clear up balances. It is now understood that Mr. Yerkes has indicated plans for turning over the agency, with all his other assets, to the bank. If this should be done, it is feared that the companies would be placed on the same basis as other general creditors.

### Louisville Board School Starts

LOUISVILLE, Nov. 20.—The Louisville Board school got away to a good start with an enrollment of 49.

The first meeting was merely an organization session, at which the three lecturers gave a short description of what their lectures will cover. The lecturers are William E. Clark and Harry H. Hummell, Kentucky Actuarial Bureau, and Leon F. Lewis, attorney for the board. Leo E. Thiesman, secretary of the board, introduced Frank Brown of the Brown & Martin agency, president of the board, who told what it is proposed to accomplish by the lectures.

### Respass Opens General Agency

W. B. Respass of Lexington, Ky., formerly in the field in Kentucky for the Niagara and also head of the local agency of W. B. Respass & Co., at Lexington, has established a new general agency at 501 Guaranty Bank building, Lexington, representing the LaSalle Fire of the Insurance Securities group, and Homeland, North British group. It is reported that Mr. Respass has made connections already with about 20 local agencies and is now busy planting his companies.

It is understood that he has disposed of his interest in the local agency of W. B. Respass & Co. to his brother, A. C. Respass, Jr., a partner in the agency.

### Stabler Seeking Field Man

LOUISVILLE, Nov. 20.—F. L. Stabler, vice-president of the Hudson and assistant United States manager of the Svea, was in Louisville recently and went on to Nashville, looking over the Kentucky-Tennessee field in regard to appointment of a field man to fill the vacancy resulting from the death of E. G. Stuart last summer.

H. A. Yates, vice-president and western manager of the Southern Fire, has also been in Louisville looking for a field man to represent the company in Kentucky and Tennessee.

### Kentucky Improvements Voted Down

FRANKFORT, KY., Nov. 20.—Few of the bond issues voted on by Kentucky cities at the recent election for the purpose of providing new or additional fire equipment passed. In Dayton, Ky., a \$10,000 bond issue passed, but in Covington, where \$125,000 was asked; in Winchester, where \$35,000 was voted on, and



in Mt. Sterling, where \$15,000 was voted on, they were defeated. All bond issues for city improvements were defeated in Ashland. The Kentucky Actuarial Bureau in several instances has made the providing of better fire equipment a condition precedent to reduction of insurance rates.

#### Report Is Made on Newport

The National Board engineers in reporting on Newport, Ky., say the fire hazard conditions are moderate due to lack of high buildings. Weak structural conditions with many frame buildings constitute a hazard in the mercantile district. The fire fighting facilities are inadequate, but heights are low and building areas small. Probability of a sweeping fire is moderate.

#### Reinsures Florida Business

The American of Newark has reinsured the fire, tornado and automobile business of the Southern Home of Charleston, S. C., in Florida.

The Dixie Fire of Greensboro, a subsidiary of the American, has appointed Bradfield & Rhudy of Jacksonville as general agents for Florida, replacing the Southern Home in that office.

#### Kentucky Notes

The Kentucky Fire Prevention Association held an inspection at Morgantown, Nov. 20.

W. J. E. Weber, manager of the Indianapolis office of the Western Adjustment, visited the Louisville office last week.

J. D. McClintock, 74, former banker and veteran insurance agent of Paris,

Ky., is reported dangerously ill at the Norton Infirmary, Louisville.

Mrs. Charles G. Tachau, wife of one of the partners in the E. S. Tachau & Sons agency, has returned to Louisville following an operation at a hospital in St. Louis.

Kent H. Parker, graduate of Armour Institute and until recently with the General Inspection Bureau at Minneapolis, has joined the force of the Kentucky Actuarial Bureau, Louisville, as an inspector.

#### Southern Notes

R. R. Stone, assistant secretary of the Automobile, has returned from an extended agency visit through Tennessee.

J. A. Carras has been convicted of burning his restaurant at Hopewell, Va., and given a penal term of two years. It was charged that he burned the building to collect \$2,200 insurance on fixtures and other contents. He did not own the building.

#### Georgia Notes

Scott Nixon, Augusta, Ga., local agent, has been selected president of the Augusta Automobile Club to succeed M. H. H. Duvall of League, Duvall & Powell, another local agency.

M. C. B. Holley of Augusta, Ga., chairman of the Richmond county board of commissioners, has consolidated his local agency with that of John B. Murray & Co. The Murray agency will take over the representation of Mr. Holley's companies.

#### New Members Are Added

J. K. Shepherd of Little Rock, secretary of the Association of Fire Insurance General Agents, states that since the annual meeting 12 new members have been added to the roll. The organization is in a flourishing condition.

## ON THE PACIFIC COAST

### SEPARATION IS PROGRESSING

#### Pacific Board Semi-Annual Meeting Held—Medcraft Made Arbitrator—Consider Washington Decision

SAN FRANCISCO, Nov. 20.—The report of the separation committee at the semi-annual meeting of the Pacific Board at Sonoma, Cal., attracted much interest. The situation is showing consistent improvement with the exception of one or two points. It is probable that adjustments will be necessary to meet the conditions now existing at these points.

There were about 100 company executives from San Francisco, Seattle, Portland and Los Angeles in attendance. President Clifford Conly, Pacific Coast manager of the Great American and Phoenix of Hartford, presided. R. C. Medcraft, retired assistant manager of the Commercial Union, was elected arbitrator for the board. Mr. Medcraft is a pioneer fire underwriter of the coast with a long career.

#### Consider Washington Decision

News of the action of the state supreme court of Washington in reversing the decision of the lower court in Continental vs. Commissioner H. O. Fishback brought about a special meeting of the companies doing business in that

state. Arthur M. Brown, chairman of the Washington committee, presided.

An amendment to the constitution, which was aimed to prevent the acquisition of financial interest in a local agency by any company member of the board was laid over for future consideration. The proposal to consider a revision of basic premium rates was also discussed without being definitely passed upon.

#### A. S. Joy Is Promoted

Anderson S. Joy, special agent of the Travelers Fire, who has been located in the Seattle office, has been promoted to assistant manager of the Los Angeles office. Mr. Joy has been connected with the company since Nov. 15, 1926, at which time he became a special agent with headquarters in Seattle. On April 1, 1927, he was transferred to Spokane as a special agent and last year, he returned to Seattle, where he has remained until his promotion to Los Angeles now as assistant manager.

#### Will Organize Pacific Northwest

Percy H. Goodwin, chairman of the executive committee of the National Association of Insurance Agents, will visit Oregon, Washington and Utah before the end of the year in an endeavor to have those states affiliate with the National association, as well as to aid them

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in extending their memberships. Early in 1930 he will cover Montana cities and revive the Montana state association.

## Hong Kong Official on Coast

W. E. Smith of Hong Kong, China, assistant general manager of the Union of Canton, visited the office of Yangtze in Seattle, returning to Hong Kong via Vancouver, B. C.

## Many Montana Buildings Condemned

HELENA, MONT., Nov. 20.—So far 123 buildings in Montana cities and towns have been condemned by State Fire Marshal Brooks under an act of the 1929 legislature. Included in the list are many historic structures, relegated to the background and left to decay and destruction by the forces of civic progress.

Condemnation proceedings against 11 more Butte buildings were begun recently bringing the total there to 23. There have been seven such condemnations in Helena, one in Gardiner, 60 in Miles City, 25 in Lewistown and three in White Sulphur Springs.

The complaint in each case alleges that the property in question is old, dilapidated, not possible of repair, and a menace to surrounding property.

## Ticknor Gets Liberty Bell

The Pacific Board has approved the appointment of H. W. Ticknor as general agent in San Francisco for the Liberty Bell. The company was formerly managed on the coast by Henley & Scott, general agents, who recently obtained control of the Nevada Fire.

## Dublin Gulch Wants Fire District

BUTTE, MONT., Nov. 20.—The citizens of the Dublin Gulch district, adjoining the corporate limits of Butte, are circulating petitions for the creation of a fire district, reciting that the lack of fire protection in the section has made insurance rates prohibitive and that property is in constant danger of destruction by fire. The petition asks the board of county commissioners to declare a fire district and to assess the residents for the cost of installing fire hydrants and maintaining a fire department.

## United Pacific Joins Board

The United Pacific Fire, which was organized a few months ago by large

financial interests of Seattle, has been admitted to membership in the Pacific Board. It is a running mate of the United Pacific Casualty.

## Hansen &amp; Rowland Take La Salle

Announcement is made by H. T. Hansen, president of Hansen & Rowland, Tacoma, Wash., general agency, of the addition of the La Salle Fire for Washington, Oregon, Idaho and Alaska. The addition gives this company a complete representation in the northwest for the Union Indemnity fleet.

## Will Rewrite Idaho Code

BOISE, IDAHO, Nov. 20.—Decision to rewrite the insurance code of Idaho instead of recommending amendments has been reached by the insurance code commission. As much of the present law as possible will be retained in the new draft. Sub-committees have been appointed to study the problems of the various classes of insurance.

## Coast Notes

Frank J. Agnew, assistant secretary of the Fireman's Fund, in making a two weeks trip into the Imperial valley of California and will also visit several cities of Arizona.

The National Union Fire has opened a service office in Portland, Ore., under supervision of Martin B. Pool, who will have jurisdiction over Oregon and southern Idaho.

As the result of the adoption at Brawley, Calif., of a new building ordinance which is designed to reduce fire hazards, John H. Colton, engineer for the Pacific Board, has recommended that the city be advanced from eighth to seventh class.

## Montana Notes

Frank J. Hirschberg, cashier of the First National Bank of Fairfield, Mont., and local agent there, died of heart trouble following a three-week illness. Mr. Hirschberg, son of one of Montana's pioneers, was widely known.

Fire, believed to have started in some oily rags, destroyed the Kinzie building and most of its contents at Troy, Mont. The first floor housed a public garage, pool hall and confectionery. The second floor was occupied as a theater and lodge hall. The loss was estimated at \$25,000.

## IN THE MOUNTAIN FIELD

## HAIL EXPERIENCE IS GOOD

Colorado State Fund Pays \$25,800  
Losses on \$57,575 Premiums—  
Covered Half Million

DENVER, COLO., Nov. 20.—An official report this week on the first year's business of the new Colorado hail insurance fund showed that from June 1 to July 15 there was \$545,181 of insurance written, the premiums paid amounted to approximately \$57,575 and the total losses approved and settled were \$25,800.

All losses were paid Oct. 1. The insureds began paying their hail tax in July and are continuing to pay their county assessors as their crops are marketed.

## John L. Reams Resigns

John L. Reams, special agent for the Scottish Union & National and American Union in the mountain field, with headquarters in Denver, has resigned.

## Cotton Crop Good

DENVER, Nov. 20.—W. J. Kulp, assistant manager of the Mountain States Inspection Bureau, who has just returned from a trip through New Mexico, reports the cotton crop in lower Pecos valley, between Roswell and Carlsbad, is 50 percent larger than the ginning of last year. He predicts the prosperous condition reflected will accrue to the benefit of the fire insurance companies. The cotton crop in the Rio Grande valley is 20 percent short of last year's crop.

## SIMONTON TAKES NEW POST

Inspection Bureau Manager Resigns to  
Join Braerton & Forsyth General  
Agency in Denver

Lee H. Simonton, who for a number of years has served as manager of the Mountain States Inspection & Audit Bureau, with headquarters in Denver, has resigned to join the Braerton & Forsyth general agency in Denver. He will have charge of its engineering work and is regarded as a notable acquisition for that agency.

Mr. Simonton will become vice-president and a director of the general agency, taking this new position Jan 1 or as soon as he can be relieved by the inspection bureau. He is a graduate of Purdue University and is regarded as one of the outstanding engineers in the insurance field. He has been in Denver for 11 years.

## Thulemeyer to Attend Meeting

Theodore Thulemeyer, Wyoming commissioner, will leave Cheyenne Dec. 6, to attend the National Convention of Insurance Commissioners in New York.

## New Schedules Mailed

DENVER, Nov. 20.—A total of 2,500 copies of graded commission schedules applicable to eligible agents of association companies in Colorado, Wyoming and New Mexico is being mailed by Frederic Williams, secretary of the Rocky Mountain Fire Underwriters Association. Fireproof, solid brick, stone and solid

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**McAndrews Adjusting Agency**  
Thomas A. McAndrews, Owner  
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WILKESBARRE, PA.

## TEXAS

**Malone Adjustment Company**  
—General Adjusters—  
Territory— West Texas—New Mexico—  
Southeast Arizona and Mexico  
455 First National Bank Building  
El Paso, Texas

**Wilson Adjustment Company**  
Adjusters of Insurance Losses  
All Modern Coverage  
Mark P. Conley, Manager  
285 Two Republics Bldg., El Paso, Texas  
Offices  
840 Gas & Electric Bldg., Denver  
710 First Natl. Bank Bldg.,  
Albuquerque, N. M.

**HERBERT F. ROSENBUSH**  
INDEPENDENT CLAIMS SERVICE  
327 Mason Bldg., Houston, Texas  
AUTOMOBILE—CASUALTY—FIDELITY  
Ten years as field claim representative in  
this territory—U. S. F. & G. Co., Norwich  
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**NURNBERG-SCHIFFLER & CO.**  
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MILWAUKEE  
400 Broadway Phones—Broadway 7316  
7315



concrete, adobe or burnt clay hollow tile public garage buildings added to the 25 percent schedule.

#### Mountain Notes

The Continental Fire Equipment Company of Denver has filed articles of

incorporation for the purpose of manufacturing and distributing fire extinguishers and other equipment. The organizers are Harry S. Williams, Antoine Berggren, F. E. Leimbach, James L. Berggren and William B. Berggren.

The Independence Fire has been admitted to Wyoming.

## EASTERN STATES ACTIVITIES

### AGENCY WINS \$9,000 SUIT

#### Baltimoreans Get Judgment Against North America on Demand for Additional Contingent Commission

Judgment for more than \$9,000 and interest against the North America was given the Maury, Donnelly, Williams & Parr agency at Baltimore in federal court there, resulting from the case in which the agency sought additional contingent commissions from 1915 to 1928. The sum granted was approximately two-thirds of the amount asked. It is expected the North America will appeal.

The agency claimed that in 1915 Parr & Parr, since merged into the present firm, contracted with the North America to receive certain commissions and 5 percent contingent, a clause providing that if a larger contingent commission than 5 percent should be granted agents in any other large city then the Baltimore agents would receive the same amount.

The agency claims that it was not until 1927 or 1928 that it learned during the period from 1915 Boston agents had been receiving 10 percent contingent. The court held they were entitled to recover only the difference between the amount they received and the amount they would have received under the Boston formula.

The company claimed it is generally understood the intent of the contract was that Baltimore agents should receive as high contingent commissions as were paid to agents in any other large city under jurisdiction of the Eastern Union, and that Boston never was brought under jurisdiction of that body. The form of contract in question was one drafted by the old Eastern Union and negotiated by a committee of the Eastern Union and the Baltimore board. There are many other companies which have similar contracts with agencies in force.

#### Cumberland Agencies Unite

Schmutz-Vandegrift-Welch, well known agents of Cumberland, Md., have purchased the Boyd A. Reinhart agency. The Reinhart office was established in 1870. It is the oldest agency in western Maryland. The members of the firm are Carl F. Schmutz, John I. Vandegrift and Walter M. Welch.

#### Nominating Committee Selected

At the November meeting of the New England Insurance Exchange in Boston a nominating committee was appointed to report at the next meeting on a slate of officers for 1930 to be voted on at the January meeting.

Daniel F. Rourke, for many years a leading insurance agent of Worcester, Mass., and prominent in Democratic politics, died the past week.

## INDEPENDENT ADJUSTERS

WISCONSIN (Cont.)

### JOSEPH RICE & CO.

INVESTIGATIONS & ADJUSTMENTS  
ALL CASUALTY LINES

A. M. Rice, Mgr., Milwaukee Branch  
Milwaukee Office Chicago Office  
501 Guaranty Bldg. 966 Ins. Exch. Bldg.

### CONFIDENT OF CONCILIATION

#### President Brodie Tells Connecticut Association Agents and Companies Are Not Far Apart

The value of conference and cooperation between companies and agents has not fully been recognized by principals, Frank W. Brodie, president of the Connecticut association, said in his address at the agents' annual meeting in New Haven. Mr. Brodie said many serious disagreements which have arisen in recent years undoubtedly could have been avoided if the disputants had gathered round a table and frankly discussed their differences.

"There is no reason in the world so far as I can see why it should be thought the interests of the agents are widely at variance with those of the companies, as seems to have been the idea in the past to too great an extent," Mr. Brodie said.

"We ask the companies to take us more into their confidence, to seek our help and advice, particularly on matters of agency relationship and in their relationship to the public. However, I am confident this spirit of conference and conciliation is growing and we must be ready to assume our responsibilities in this relationship as they are presented to us.

"The National association is slowly but surely making its influence felt by both the companies and the insuring public. No organization founded on these principles and under wise leadership which it has been our fortune to have in the past can fall by the wayside or fail to have its influence felt."

#### Heavy Losses in Buffalo Area

BUFFALO, N. Y., Nov. 20—Insurance losses estimated at \$800,000 were the result of fires within a 200-mile radius of Buffalo the week of Nov. 10. These included the plant of the Weatherbest Stained Shingle Company at North Tonawanda, where loss in a six-day blaze totaled \$250,000; a business block fire with \$45,000 damage in Kenmore, a Buffalo suburb; destruction of four business buildings in Emporium, Pa., with loss of \$200,000; a \$225,000 fire in the business district of Elmira, N. Y., and one of \$70,000 in Williamsport, Pa.

#### Society Gives Lecture Series

PHILADELPHIA, Nov. 20—The Insurance Society of Philadelphia is giving a series of lectures for its three fire insurance courses—junior, intermediate and senior. Among the speakers will be William Embrey of the North America; G. R. Dette, resident vice-president of the Pennsylvania Surety and Triangle Fire; Edward C. McAuliffe, Corroon & Reynolds; Edgar V. Balson, G. H. Fischer, H. H. Zinn and P. D. C. Steward of the Philadelphia Fire Underwriters' Association; E. A. Down, Factory Insurance Association, and A. H. Clevenger, vice-president Lumbermen's.

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Where the Guest  
Becomes an Individual  
Not a Number



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IS IN THE HEART OF  
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HOTEL MARTIN  
IS CLOSE TO THE  
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OVER 500 ROOMS

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\$2.50 \$2.75 \$3

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430 Oak Grove Street  
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Walter C. Leach, President  
F. M. Merigold, Sec'y and Treas.

John D. M. McMillan, Vice-Pres.  
A. C. Holmgren, Ass't Treas.

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Its Name Indicates Its Character  
Operating Along Sound Lines

## AMERICAN NATIONAL FIRE INSURANCE COMPANY

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Capital \$500,000

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GEORGE E. KRECH, Vice-President and Secretary  
ALLEN W. FLEMING and E. PHILLIP GUSTAFSON, Assistant Secretaries

Progressive, Yet Conservative

Operating Along Sound Lines



Close proximity of the Home Office with every part of our field means prompt service to our representatives.

**THAT'S WHAT GETS BUSINESS AND HOLDS IT.**

Modern methods and instant service have made business a pleasure for the representative of The American Liability and Surety Company.

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**Capital  
\$500,000**

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Territory Available in the Following States for Progressive General Agencies

Illinois  
Indiana

Michigan  
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Ohio

Pennsylvania West Virginia

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# The National Underwriter

November 21, 1929

CASUALTY AND SURETY SECTION

Page Thirty-Three

## Bankers Buying Blanket Bonds

Numerous Holdups and Defalcations Increase Demand for Coverage

### FEW DEPOSITORY CLAIMS

More Conservative in Making Loans—Improvement in Florida Situation Is Decidedly Encouraging

NEW YORK, Nov. 20.—Aroused by the numerous bank holdups, defalcations by trusted employes and the losses of funds through misplacement or other cause, financial institutions are seeking increased coverage under bankers' blanket bonds, and are not now disposed to quibble at the rate charged as they were before the financial debacle occurred.

#### Are Increasing Amounts

While most of the institutions that have suffered losses from one cause or another of late carried indemnity, it was usually for modest amounts, the bankers failing to appreciate the extent to which they might suffer. They are now not only increasing the coverage under schedule bonds, but are calling freely for excess limits. Likewise they are showing marked partiality for the bankers' blanket bond, with its practically all-risk cover, sensibly holding that money expended for such protection is not an expense but rather a capital investment, ranking equally with the purchase of steel vaults and general office equipment.

#### Situation Has Improved

Thus far few claims under depository bonds have been received. The situation with respect to this line of business has very materially improved over what it was a couple of years ago. In the south notably the situation is improving. Planters are getting good price for their cotton and have been able to substantially reduce their loans, increasing thereby the liquid assets of the banks. From Florida, where numerous banks failures occurred early in the year, largely through the plight in which fruit growers found themselves because of the ravages of the Mediterranean fly, late reports are decidedly encouraging. Residents of the state feel confident that henceforward steady progress toward recovery will be made.

#### Banks More Conservative

Profiting by the lessons of the past bankers are more conservative in making loans and are diversifying the character of the collateral demanded. All surety companies report gains in salvages from defunct banks and are looking for still better returns as "frozen" loans are slowly being liquidated.

Conservative underwriters, in consid-

(CONTINUED ON LAST PAGE)

## Randall Is Made Western Manager of Consolidated

### IS CHOSEN VICE-PRESIDENT

Well Known Chicago Insurance Man Will Have Charge of the Central Office

Charles M. Randall has resigned as vice-president and director of Joyce & Co., Chicago, to become the resident vice-president and general manager of the mid-western office of the Consolidated Indemnity & Insurance Co. of New York. John A. Manning from the home office, who established the Chicago department, arriving in the city in August, will now return to New York, having completed his plans for the effective handling of the company's interests in the office, which has jurisdiction over Illinois, Indiana, Wisconsin and the northern peninsula of Michigan. Mr. Randall is well known in the insurance field, having been connected with Joyce & Co. for 12 years. Previous to that time he was in insurance work in other offices. He has had an all-round experience in every division of insurance. The Consolidated Indemnity has its Chicago office in A-2007 Insurance Exchange. Mr. Randall took his new seat this week and is already making contacts throughout his territory.

#### Writes All Lines

The Consolidated Indemnity is one of the large companies, which writes all forms of casualty and surety business. Its assets as of July 1 amounted to \$6,469,929, capital \$1,200,000, net surplus \$4,892,302. It is especially well ballasted financially. Rolland R. Rasquin is executive vice-president with home office at 475 Fifth avenue, New York. John F. Gilchrist, who is president of the company, is a director of the Bank of the United States and the Bankus Corporation.

The directors are: George J. Atwell, president, George J. Atwell Co.; J. C. Brownstone, president, J. C. Brownstone Co.; Joshua L. Cowen, president, Lionel Corporation; William Fox, president, Fox Films Corporation; John F. Gilchrist, president, director, Bank of United States, director, Bankus Corporation; Jac. L. Hoffman, director, Bank of United States; William F. Kenny, president, William F. Kenny Co., director, County Trust Company, director, Chrysler Corporation; William Klein, attorney; Gerhard Kuehne, vice president, New York Title & Mortgage Co.; A. E. Lefcourt, president, A. E. Lefcourt Realty Holdings; Bernard K. Marcus, president, Bank of United States, chairman of the board, Bankus Corporation; C. Stanley Mitchell, chairman of the board, Bank of United States; Rolland R. Rasquin, general counsel; I. H. Rosenthal, president, Frockville Mfg. Co.; Reuben Sadowsky, president, R. Sadowsky; Saul Singer, chairman, executive committee, president, Bankus Corporation, executive vice-president, Bank of United States; Alfred E. Smith, former governor of New York, director, County Trust Company; A. S. White, secretary and treasurer, vice-president, Bankus Corporation.

Mr. Randall's wide experience in all

## Heads Conference



GEORGE R. KENDALL

George R. Kendall, president of the Washington Fidelity National of Chicago, was elected president of the Industrial Insurers Conference at its annual meeting in Mobile. He had served for the past two years as chairman of its executive committee.

## Results of Merit Rating Plan Are Being Studied

Companies writing automobile liability business have been gathering together statistics since the so-called merit rating plan was put into effect to see what the results were. So far it would seem that 80 percent of the policyholders are getting the benefit of the reduced rates. Most offices find that the plan is not consistently applied as anyone with a little pressure can get the 10 percent reduction. The decrease in rates naturally affected the loss ratio with a lessened income. On the same volume of business the reduction amounts to something. There is a general feeling that there should be some readjustment if the merit rating plan is not to be consistently applied.

### Injunction Denied Department

Motion of the Illinois attorney-general for an injunction to restrain the Great American Casualty of Chicago from writing business, in view of the fact that a receivership action is before the circuit court of Cook county, was rejected by the court this week. The company was given until Thursday to file a written answer to the insolvency charge and hearing will follow.

branches of insurance admirably fits him for the important position he assumes. He is an insurance man from the ground floor up and has a comprehensive knowledge of the needs and problems of agents and brokers.

## Kendall Heads Industrial Men

Chicago Gets Presidency of Conference and Also Meeting for Next Year

### EARLIER DAYS RECALLED

Twentieth Anniversary Session Held in Same Hotel Where Organization Was Launched

#### NEW OFFICERS ELECTED

President—George R. Kendall, Washington Fidelity National, Chicago. Vice-President—A. B. Langley, Carolina Life, Columbia, S. C. Secretary-Treasurer—George W. Musford, Home Security Life, Durham, N. C. Executive Committee—E. T. Burr, Durham Life; J. W. Scherr, Inter-Ocean Casualty, R. H. Dobbs, Industrial Life & Health; Charles E. Clarke, Peninsular Life; C. A. Craig, National Life & Accident; P. M. Estes, Life & Casualty; W. R. Lathrop, Southern Life & Health.

At the annual meeting of the Industrial Insurers' Conference in Mobile last week, George R. Kendall of the Washington Fidelity National was elected president and a strong supporting staff selected, including two new members of the executive committee. It was unanimously voted to hold the 1930 annual meeting in Chicago next September. The new president was authorized to choose the most convenient dates. This will be the first regular session of the organization to be held that far north, although meetings have been held in St. Louis and Cincinnati.

The Mobile meeting was largely a celebration of the initial launching of the organization, which took place in that city at the same hotel, the Cawthorn, Sept. 28, 1910. The good fellowship idea that was advanced and so earnestly hoped for 20 years ago appeared to be in full flower this year. Cooperation was uppermost in the minds of all members and visitors at Mobile. Each address and discussion carried similar sentiments and it was unanimously agreed that the organization will attain its majority in 1930 with a record of achievement of which all may be proud.

#### Orr Tells of Earlier Days

C. P. Orr of the Southern Life & Health, Birmingham, Ala., one of the original founders and continuously active in conference work since 1910, ably described and discussed the discouraging conditions which existed in the industrial health and accident business from 17 to 20 years ago. He also showed by contrast how the leaven of the conference ethics had permeated far beyond the limits of Dixieland, so that the membership of the organization now includes substantial companies and their able officials located at widely scattered

(CONTINUED ON LAST PAGE)

## Accident-Health Agency Building Plans Outlined

### JOHNSON TELLS OF METHODS

Illinois State Manager of Inter-Ocean Casualty Addresses Chicago Managers' Club

E. A. Johnson, Illinois state manager for the Inter-Ocean Casualty, gave the Accident & Health Managers' Club of Chicago, at its meeting Monday, an interesting description of the methods he has used in organizing an agency force that has brought that state up in 3½ years' time to where it led all of the territorial units of that company for the latter part of 1928 and most of this year, now standing a close second to the California agency for production. It has a claim ratio of 38 percent and a lapse ratio of 12 percent. Most of this business is on the monthly premium basis.

Mr. Johnson started his organization with an intensive development of one man, Hinman R. Moore of Joliet, to a point where he could use his record as an exhibit to show other prospective agents the possibilities of the business, before he carried his development work any further. Mr. Moore, a University of Wisconsin graduate, formerly associated with his father in the hardware business in Joliet, wrote 108 monthly premium applications the first week he was in the business. He passed the 1,000 mark on applications in five months, and had a record of 2,600 for the first year, with income from commissions and bonuses of approximately \$11,000.

#### College Men Favored

The phenomenal record made by Mr. Moore is attributed by his mentor to the fact that he followed implicitly all instructions given him and worked eight, ten or 12 hours a day, whether anyone was supervising his work or not. Mr. Johnson spent practically all of his time in and around Joliet for eight months, supervising Mr. Moore's work and helping him with the detail work of getting an agency started, but not assisting him in closing cases, except in a very few instances.

He now has ten full-time men, stationed at strategic points throughout Illinois, five of whom have made especially good production records. They are assisted by about 155 part-time men and collectors. Mr. Johnson considers that college men offer probably the best prospects, although one of the successful agents he has developed was a street car motorman, with only a common school education. One was a Hoover cleaner salesman, another with a map company and a third an Internal Revenue department man, 56 years old. Most of his men are younger, however, averaging about 36. All of them have been taken from outside fields, never from other companies.

Mr. Johnson never advertises for agents, as his experience in the past along that line has been unsatisfactory. When he goes into a town where he wants to locate a man, his first call is usually on the banker, who knows whether there are any promising young men that are dissatisfied with their work. After getting a line on a promising man, Mr. Johnson considers it necessary to make a thorough analysis of his possibilities, going into his home as well as seeing him at his place of business. He wants men of ambition. If a man is earning \$150 or \$200 a month, he will show him the possibilities for making \$3,000 or \$3,500 a year. If he is already a \$3,000 man, he is shown that it is possible for him to get into the \$5,000 class. All of those with whom contracts are made have to give 100 percent of their time to the business.

The company has a bonus system for consistent production above a certain figure, but the bonus ceases if an agent's

## To Make Address



C. PETRUS PETERSON, Lincoln, Neb. General Counsel, Bankers Life of Nebraska

C. Petrus Peterson, general counsel of the Bankers Life of Lincoln, Neb., will be the speaker of the evening at the banquet of the Insurance Federation of America in New York City, Dec. 9. He is one of the prominent attorneys of his state and is a man of comprehensive attainments.

## U. S. Supreme Court to Review Interesting Case

A. J. Trebisky of Cleveland, claim manager of the United States Fidelity & Guaranty calls attention to an error in THE NATIONAL UNDERWRITER in which it said that the United States Supreme Court had refused to review the decision of the lower court in the automobile case of Guenther vs. U. S. Fidelity & Guaranty. In this case Guenther carried a liability policy, in the company. His automobile operated by a minor, 17 years old, of Lakewood, O., struck and injured a person, who sued Guenther. The company refused to defend the suit and judgment for \$3,890 was rendered against Guenther, who obtained judgment against the company.

It was contended by the company that the policy provided that it should not be liable for accidents while the automobile was being operated by a person under the age fixed by law, or under 16 years. It pointed out that under the Lakewood ordinance it was unlawful for anyone under the age of 18 to operate a motor vehicle. The circuit court of appeals held that the term, "fixed by law" in the policy did not cover municipal ordinances and hence the insurance company was liable. Mr. Trebisky states that the United States Supreme Court has agreed to review the case and the company hopes to have a hearing within the next six or eight months.

claim ratio runs above 40 percent, which makes him look after his claims. Mr. Johnson also has offered additional bonuses for certain special production records but stated that he has made no advances to any of his men. The building of this organization has meant a great deal of hard work on his part. "You can't sit in an office and build up an agency staff," he says. He has driven 40,000 miles in 14 months, and makes it a point to get into personal contact with every one of his full time men every day, by letter or telephone to those that he can not visit personally. He considers that his claim record is improved by reason of the fact that much of the business is from the smaller towns, as the losses are not so high there as in the cities.

## Iowa Surety Situation Now Seems Improving

### SEVERAL FINES ARE IMPOSED

G. K. Thompson, the Arbitrator, Tells the Methods He Is Pursuing in His Work

SIOUX CITY, IA., Nov. 20.—G. K. Thompson of Cedar Rapids addressed the agents here. He was appointed last March by the Surety Association of America as arbitrator of surety affairs where complaint was filed that the business was written on a rebate basis. This action was taken after the Iowa Association of Insurance Agents had appealed to the surety association to clear up the unfavorable situation, so that agents who felt that the ethics of their business compelled them to sell surety bonds at manual rates, could enter competition for this business with some chance of getting a square deal. The Iowa association put the blame squarely up to the companies for what has become known all over the country as the "Iowa bond situation."

#### Visited Local Associations

For the past few months Mr. Thompson has been visiting local associations endeavoring to enlist members in the effort to get contract bonds on a basis where not only the agent but the contractor would know what everybody else was paying for surety backing. Mr. Thompson reports considerable success. Already he has investigated many complaints and in several cases has assessed fines against offending companies. He has authority conferred on him by the Surety Association to levy a fine up to \$5,000 for each offense. The bond which is the subject of rebate is taken from the company writing it and reinsured in another company, without any commission allowance to the first company or agent. The fine is in addition to this procedure. The arbitrator reports that better conditions are prevailing and he expects still further improvement.

The meeting here was attended also by L. R. Moeller of St. Paul, representing the National Surety. Mr. Moeller expressed the belief that the Iowa situation was considerably improved. The greatest offenses in the matter of rebating come in connection with the extensive program of state road building.

#### Los Angeles Branch Moves

The Los Angeles branch of the American Surety and its running mate, the New York Casualty, has moved to suite 1320 Corporation building, 724 South Spring street. A. I. Zimmerman, branch manager, announces the appointment of E. L. Meckes as manager of the casualty department, which will represent the New York Casualty in southern California and Arizona. Mr. Meckes was formerly manager of the casualty department for Mulligan & Harrison, general agents for the Central Surety.

#### Elmer Jones Advanced

Elmer Jones, assistant superintendent of the payroll audit department at the head office of the London Guarantee & Accident, has been made superintendent, succeeding A. E. George, who will give all his time to the management of the subsidiary company, the Credit Insurance Adjustment Company. Mr. Jones has served under Mr. George since 1923, and during the last three years has been his chief assistant.

#### Celebrate Opening Atlanta Office

ATLANTA, Nov. 20.—Officers and employees of the Consolidated Indemnity of New York celebrated the opening of their new offices at 449 Hurt building with a dinner Friday night. Rolland R. Rasquin, executive vice-president, was the principal speaker.

S. H. Story, formerly of Greensboro, N. C., is Atlanta manager, and W. M. McCrary assistant manager.

## Moral Obligation Rests on Casualty Companies

### VALUE OF STATISTICS SEEN

H. W. Heinrich, Assistant Superintendent of the Engineering Division of Travelers, Talks to Actuaries

A moral and legal obligation rests on casualty companies to prevent loss of lives, injuries and damage of property through accidents, members of the Casualty Actuarial Society were told by H. W. Heinrich, assistant superintendent of the engineering and inspection division of the Travelers, who was the speaker at the annual meeting in New York.

Because of the lack of adequate statistics on the causes of mishaps accident prevention engineers, it was said, are seriously handicapped in the promotion of a greater degree of safety in shops and plants.

#### Statistics Have Real Value

While information relating to accidents is gathered for several purposes, it was the speaker's opinion that that phase of statistics which deals with accident prevention is of the greatest importance to the insurance business and to society as a whole. Much of the information of a statistical nature now existing, it was said, is of little use in accident prevention work, inasmuch as in most cases the causes of accidents are not disclosed. Mr. Heinrich added, however, that statistics on the nature and severity of injuries and the character of the operation being performed by an employee at the time an injury was suffered and data of a similar nature are of value to the insurance business from the viewpoint of underwriting and the establishment of rates.

The program included a talk by George D. Moore, president, comptroller of the Standard Surety & Casualty of New York, and papers by Edwin W. Kopf, assistant statistician of the Metropolitan Life; Henry H. Jackson, associate actuary of the National Life of Montpelier; T. F. Tarbell, actuary of the casualty actuarial department of the Travelers, and Reinard B. Robbins, vice-president and actuary of the Union Labor Life of Washington, D. C.

#### New Travelers Director

Horace H. Ensworth, head of an old hardware concern in Hartford, has been elected a director of the Travelers companies to fill the unexpired term of the late Louis F. Butler, president.

## Steadying Influence of Insurance Needed

President H. A. Behrens of the Continental Casualty of Chicago, in addressing the agents on the present financial condition says:

"Now that the frenzy of speculation is at an end, men's minds naturally turn more seriously to thoughts of conservation and protection and more particularly insurance protection. I have discussed this at length with our executives having charge of production of business in our various departments and they have asked me to impress upon you directly, in behalf of your interests and ours, the opportunities which the present return to normal mental conditions present. Not for a long time has the need and steadying influence of every form of insurance been impressed so forcibly on the public as now."



## Peerless Mutual Case Rests While Point Is Decided

Action of the Illinois department to throw the Peerless Mutual of Chicago into receivership following the filing of a petition in the circuit court at Chicago last week is temporarily suspended while the department formulates its policy in regard to accepting as assets a large amount of Chicago real estate, it is said this week by C. R. Evans, who is in executive charge of the mutual. Mr. Evans points out that the company has a book value of more than \$100,000, whereas the department allows only \$16,000 admitted assets. An examination by the department was reported to have shown \$67,796 impairment.

"I previously advised the department of insurance that if our assets were not sufficient to meet requirements by reputable appraisal I stood ready to add thereto up to three times our present book value, and that condition has not changed," Mr. Evans says.

### No Written Notice Received

"The department has just accepted \$17,000 of acceptable bonds. We never have been notified in writing what is the amount of our impairment if any. Due to the fact that corporations cannot hold title to real estate, we had arranged for real estate investment for the Peerless to be held in trust by the Peerless agency, and this agency now holds seven pieces of Chicago real estate on which appraisals vary from \$21,000 to \$47,000 value. In addition there is a large flat property in Rogers Park in which we have an \$85,000 equity, and many mortgages in addition to that.

"If this is not sufficient showing, the department should advise us how much the company is short and what we will be required to do about this real estate. The attorney-general's office told us orally last Friday that if we put in \$35,000 we would be all right.

### Objects to Arrangement

"The department takes exception to the agency's holding the title to real estate, rather than the company. We submitted \$50,000 in securities to the department but it turned down bonds and leasehold property in the Chicago loop, accepting, however, the \$17,000 of bonds held in fee simple.

"We have had department appraisers look over our flat property, but the department has not examined us for a long time. We stand ready as we always have to satisfy the department. The whole question is how this real estate should be carried, and we have gone on record with the department twice requesting a statement as to how we should carry the real estate."

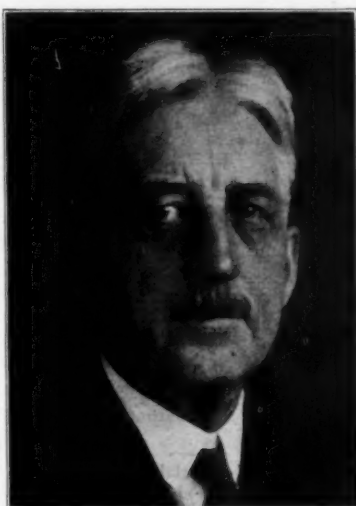
Mr. Evans said that he and other officers had not received service on the receivership suit from the circuit court. He said George P. Keena, former president, no longer is connected with the mutual or the agency, nor has he an interest in either.

### First Massachusetts Reversal

BOSTON, Nov. 20.—The first appeal to Massachusetts courts from decision of the board of appeal under the compulsory automobile liability act was decided by Judge Gray in superior court in favor of the Preferred Accident. The carrier cancelled the policy of William H. Hill of Lynn, Mass., on Sept. 17, on the grounds that he was a deaf mute, had been convicted of endangering lives of pedestrians, had struck and injured a boy, and his license had been twice suspended. It was also brought out that seven companies had refused to write insurance for Hill.

The board of appeal decided against the Preferred Accident, ruled that it could not cancel and ordered the policy reinstated. Judge Gray allowed the company to cancel the risk, finding that Hill was a hazardous risk.

## Honors Veteran



CHARLES H. ELDRIDGE

Charles H. Eldredge, who for many years was resident manager of the United States Casualty in Chicago, and now head of Eldredge, Carolan, Graham & Cleary, resident managers of the United States Casualty and agents of other companies, has been appointed resident vice-president of the company. Mr. Eldredge is one of the veteran insurance men of the country. He entered the casualty business in 1889 and was appointed resident manager of the United States Casualty in 1895.

Mr. Eldredge first became associated with the old Manufacturers' Accident of Geneva, N. Y., whose secretary at that time was Edson S. Lott. When the United States Casualty was organized and Mr. Lott became one of its officials, he engaged Mr. Eldredge at once and appointed him as general agent in Milwaukee.

In view of the fact that the United States Casualty is entering the surety field, it was necessary for it to have an executive in Chicago.

Joseph E. Callender of Chicago, manager of the Ocean Accident, has returned to his office after a six weeks' visit to California.

## Charles E. Mitchell of Lloyds Casualty Stricken Suddenly

Casualty men were stunned this week by news of the death Saturday of Charles E. Mitchell, superintendent of agents of the Lloyds Casualty. He was taken ill at his desk Saturday morning and started for his home at Forest Hills, L. I., about mid-day, but felt so badly that he secured a room at the Biltmore Hotel. Mr. Mitchell telephoned his wife to hurry to him, but despite prompt medical aid the heart attack proved fatal early in the evening.

He was one of the youngest men to hold an agency supervising post in the casualty business. Mr. Mitchell was likewise recognized as one of the ablest sales leaders. After being successively connected with the Fidelity & Deposit, the Standard Accident and the Continental Casualty, he joined the official staff of Lloyds Casualty upon reorganization of that company last April.

Plunging at once into field work he secured a general agency force which it is anticipated will yield all the business the corporation will be able to handle during its first fiscal year. He had ambitious plans for the future and were it not for his untimely death would doubtless have carried them into effect. He is survived by his mother, wife and young daughter.

### Bush Is Vice-President

The Bankers Indemnity announces the appointment of H. R. Bush of Greensboro, N. C., as resident vice-president. Mr. Bush will have charge of the branch office of the Bankers, supervising the business in North and South Carolina, West Virginia and Virginia. Application has been made for entry into this latter state. Mr. Bush is president of the Dixie Fire.

### Seek Auto Compensation Law

MILWAUKEE, Nov. 20.—A new campaign to bring about a state accident compensation law for persons injured by automobiles, similar to the workmen's compensation law is under consideration by the Wisconsin State Federation of Labor. Such a law was placed before the 1929 session of the Wisconsin legislature, but was killed.

## New Edition of the "Time Saver" Is Out

The 1929-1930 edition of the "Time Saver" for accident and health insurance men is now being distributed by THE NATIONAL UNDERWRITER. This book, so popular among accident and health men, gives a complete analysis of commercial accident and disability policies and of a number of monthly premium policies issued by 90 leading companies.

Improvement has been made in this seventh annual edition. For instance it includes an index of accident and disability policies by name of the policy, which makes it possible, when knowing the name of a policy, to turn quickly to the page showing analysis of contracts. There is also an index of policies which may be written on women and in the regular index a code letter makes it possible to turn quickly to an analysis of all policies or riders providing air travel coverage or special automobile coverage.

Analysis of contracts, including rates, riders and special underwriting requirements, occupies 886 pages; standard provisions take up four pages; an analysis of the disability clauses of life companies with an annual premium income of \$1,000,000 or more requires 17 pages; a list of the companies with the states in which they write accident and health insurance is presented on three pages; brief financial statements, including premiums and losses, take up six

pages and three pages are used to set forth some facts on accident and sickness. This book of 944 pages is printed on thin bible paper and may be carried about easily.

Fifty-one of the 90 companies have special automobile policies or automobile riders which may be attached to regular policies providing increased benefits for automobile accidents. Forty-one companies write special air travel policies or have air travel riders which may be used with accident policies. Sixteen of the companies are writing some form of non-cancellable or guaranteed renewable policy. This figure of 16 does not include the many companies that are writing the non-cancellable term policy.

The past year has been one of unusual change in rates and policies. Indications now are that while many changes will be made during the coming year they will be relatively much less in number than those which have occurred during the past year.

Considering the many points covered in analysis of the contracts, the book may be truly described as a marvel of accuracy. It has been thoroughly checked in many different ways.

The new Time Saver may be obtained by addressing the Cincinnati office of THE NATIONAL UNDERWRITER at 420 East Fourth street.

## Employers Men in Annual Meet

Manager Stone Stresses Advantages of Being Able to Give Complete Service

### SEVERAL FROM BOSTON

Agents and Field Men in Illinois Department Enjoy Two-Day Education and Recreation Session

Concentration on educating and assisting local agents to give a complete insurance service through the multiple line facilities offered by the Employers Liability fleet, was announced this week at the annual get-together meeting of the Illinois department in Chicago by Frank M. Chandler, assistant manager at Chicago, Edward C. Stone, United States manager, and other speakers.

Mr. Stone, who believes in the English method of writing insurance of all kinds in one company, as distinguished from the American method which requires splitting up of fire, life and casualty in separate companies, announced that the Employers group is prepared to offer every assistance to the more than 12,000 agents in this country.

### Offers Broader Experience

"The English through the ability to write all kinds of insurance in one company have been able to carry on the business as I believe it should be carried on," Mr. Stone said. "If the same condition existed in this country you agents could carry but one sign over your agency. That appears to me to be the modern way to do it, not only from the standpoint of the company but from that of producers. It gives a breadth of experience which the specialist never gets.

"It is the same as in medicine or the law. I believe the country medical practitioner and lawyer with a general practice, through the mere fact that they handle all sorts of cases, are better fitted for their professions. Even though you agents may have ability in some specialized form of insurance, I would suggest that you develop a general insurance service.

### Many Advantages Offered

"Insurance men now are far better equipped for their profession than the doctors or lawyers. Doctors or lawyers in rural districts do not have any one to come out and help them, but usually in special cases the patient must be

(CONTINUED ON LAST PAGE)

## Best Bet for Live Agent at This Time

One of the best bets from an insurance selling point at present is fidelity bonds. The stock market crash has brought to the attention of employers the almost universal speculative fever that overtook the people. Those having access to funds have been caught between the pincers. There have been many cases of embezzlement and defalcation due to this exigency. Therefore, psychologically it is a good time to hit while the iron is hot. The canvass should be made of those that should be bonded. Every agent can put on a good selling campaign. Solicitors can be sent out on these leads.

## CHANGES IN CASUALTY FIELD

### FRANK HAMMOND ADVANCED

**Salt Lake City Manager of American Surety is Appointed Home Office Representative**

SALT LAKE CITY, Nov. 20.—Frank B. Hammond, manager of the Salt Lake City office of the American Surety, has been made home office representative in charge of production activities in the Pacific Coast and intermountain territory. Mr. Hammond will make his headquarters in San Francisco. His successor for the present in Salt Lake City will be W. D. Habish, who has been assistant manager for the past three years.

Mr. Hammond will supervise San Francisco, Los Angeles, Portland, Seattle and Salt Lake branch offices of both the American Surety and New York Casualty. H. F. Bennett, special agent, has been appointed superintendent of the casualty department at Salt Lake. Mr. Hammond was formerly secretary of the police department of

Salt Lake. He was made manager when W. E. McKell was called to the home office as vice-president.

Mr. Hammond has been president of the Surety & Casualty Association of Salt Lake City and chairman of the insurance committee of the chamber of commerce.

### ROE AGENCY IS APPOINTED

**Large Detroit Office Gets Representation of Standard Surety & Casualty for All Lines**

Charles N. Roe general agency of Detroit has been given the general agency of the Standard Surety & Casualty of New York for all lines. The agency was formed by Mr. Roe in 1914, since which time it has developed a sub-agency plant of 250 representatives, 65 of whom are located in the Detroit city limits. Of the sub-agents fully 90 percent have represented the Roe office for the past 10 years.

In the personnel of the office is E. H.

Goodman, state agent of the Camden, Republic and the Merchants of Colorado, for all of which companies the Roe office is general agent in Michigan. Charles A. Ramsey, who assumed the management of the casualty and surety departments of the agency on Nov. 15, was formerly assistant manager of the Detroit branch office of the Pennsylvania Surety. Prior to that time he developed business for the Kenneth Watkins Corporation.

### Harold V. Molloy

Harold V. Molloy, appointed assistant superintendent of the casualty department in the New York City branch office of the Metropolitan Casualty, has had eight years' experience in the business, having been successively connected with the Standard Accident, the Indemnity of North America and the Ocean Accident.

### Southern's Augusta Appointment

The Southern Finance Corporation of Augusta, Ga., has been appointed general agent for the Southern Surety for that section.

### Knight Special Agent

A. R. Knight has been appointed special agent of the Federal Surety of Davenport in the eastern department with headquarters in the New York office. He has had 10 years' experience

in New York and New Jersey for the New York Indemnity, United States Fidelity & Guaranty and National Surety.

### Wolfert Agency Appointed

The John M. E. Wolfert Corporation has been appointed general agent at Rochester, N. Y., and in that vicinity for the Federal Surety of Davenport in all casualty and surety lines. This agency has represented the Maryland Casualty for more than 18 years.

### John E. Furey Transferred

John E. Furey, assistant manager of the Travelers at Los Angeles, has been transferred to Pittsburgh as an assistant manager. Mr. Furey became a casualty field assistant in 1923 and was assigned to Reading, Pa. In 1924 he was transferred to Los Angeles in the same capacity, and last year was made assistant manager.

### Dority with Detroit F. & S.

BOSTON, Nov. 20.—The Detroit Fidelity & Surety has appointed Edmund R. Dority manager of its New England department office at 40 Broad street, Boston. Mr. Dority has had nine years experience with his father in the latter's Boston agency and has specialized in fidelity and surety business. Walter T. King, with the local office of the Detroit company for some time, has been named associate manager.

### Corder Made Safety Engineer

Ellis, Smith & Company, Dallas general agents, have employed Jack M. Corder as safety engineer for the Great American Indemnity.

Mr. Corder has been with the safety department of the Texas Power & Light Company.

### Harvey Handles Wisconsin

The Century Indemnity announces appointment of Robert W. Harvey, who has been assigned supervision of its development in Wisconsin. He is a graduate of the University of Wisconsin and has a background of wide experience obtained in the service of several casualty and surety companies, principally in Wisconsin. He will be attached to the Chicago branch.

### Lawrence is Rochester Manager

A. F. Lawrence has been appointed manager of the Maryland Casualty at Rochester. Heretofore Rochester has been on a general agency basis. The sub-agents will now report to the branch office. Mr. Lawrence will have his headquarters at 23 Exchange street.

### Celebrate 50th Year of Existence in 1930

A "jubilee contest" in which winners will be given a trip to London to visit the head offices will feature the 50th anniversary celebration of the Employers Liability fleet to be held the latter part of October, 1930. Edward C. Stone, United States manager of the Employers Liability of London and president of the American Employers and the Employers Fire, told of the plan generally in Chicago this week at the annual get-together meeting of the Illinois department.

Mr. Stone has just returned from London, where he helped to draft details of the celebration and contest. The anniversary is that of founding of the English corporation. Mr. Stone said in making the preliminary announcement to approximately 100 field men and local agents assembled in Chicago:

"The Employers Liability Assurance was the pioneer in this business. It wrote the first liability policy in the United States and in the world. Fifty years ago liability insurance was not written any place in this country or in the world. There was no such thing then as a casualty premium and yet today this is one of the greatest factors in the insurance business and one of the most vital elements in the business community.

"We hope to celebrate this anniversary next year and will announce later the details of the jubilee contest."

*Goodwill*  
and \$1,000.00  
*Commission*  
*Won*  
*With Service*



A MIDWESTERN business concern wished to insure the life of its general manager for \$30,000. Because he was past fifty years of age and had recently undergone a major operation the risk was declined by one company, and although finally accepted by another, the premium was rated up twenty-five dollars per thousand over a five-year period. The Agent handling the business, anxious to serve the best interests of his client, and feeling that such a high premium was unjustified, presented the facts in the case to Continental. An investigation was made by our medical director which tended to support the Agent's opinion, and the latter was invited to bring his client into our Home Offices for an examination. He did so

and the applicant was proven physically fit. Continental then underwrote the insurance at a premium rated up only ten dollars per thousand for two years, thus effecting a considerable saving to the policyholder. The Agent profited to the extent of more than a thousand dollars in commission, and in an improved relationship with his client. This incident illustrates the type of co-operation Continental offers fieldmen. The wide facilities of these Companies, the services of their strong staff of capable executives and the efforts of their thousand employees are always available to agents seeking greater success.

CONTINENTAL CASUALTY COMPANY  
CONTINENTAL ASSURANCE COMPANY  
CHICAGO ILLINOIS





# KNOW—

## “The Insurance Requirements of Business and Professional Men”

**B**USINESS and professional men like to deal with men who *know*—with men who know not only the insurance business but the specialized requirements of their own particular callings.

¶ *Ætna-izer Supplement No. 136*, recently issued, analyzes the business and professional man's property needs, his responsibilities and obligations and describes the various forms of insurance needed to adequately protect his varied interests. Incidentally all of these coverages—from Accident to Radium insurance—may be written in the *Ætna Life* and affiliated companies.

If you are interested in learning more about the sales possibilities in your business and professional policyholders and prospects, we will be glad to send you a copy of this Supplement.

**ÆTNA CASUALTY & SURETY COMPANY**  
**ÆTNA LIFE INSURANCE COMPANY**  
**STANDARD FIRE INSURANCE COMPANY**  
**AUTOMOBILE INSURANCE COMPANY**  
 of Hartford, Connecticut

**CLIP**

and enclose  
with your  
letterhead

*Ætna Casualty &  
 Surety Company*  
 Hartford, Connecticut

Please send me a copy of  
 the *Ætna-izer Supplement*  
 No. 136, “Insurance Requirements  
 of Business and Professional Men.”

Up to Date  
Policy Forms

Front Page  
Schedules

7 Coverage  
all-in-one  
Automobile Policy

• Plate Glass  
Full Coverage and 50-50

Residence Burglary

Mercantile  
Safe Burglary

\$3.00 Auto  
Accident Policy

Manufacturers  
Liability

Elevator Liability

Minimum Endorsements

Golfers Liability

Contingent Liability

Teams Liability  
and Other Miscellaneous  
Liability Lines

Sports Liability



Contractors' Liability

Owners, Landlords  
and Tenants' Liability

## Plate Glass Full Cover—50-50

There are a number of companies writing this form today—the Universal Casualty is one of them.

Probably but few of the agents who read this advertisement are actually, out and out, in the market for a company that writes plate glass in both full cover and 50-50 form—

To most agents the fact that the company does write such coverage would be a point in its favor—not enough to justify representing it, however.

It is about these other things that we are asking 10 minutes of your time to tell you about—may we have them?

Edward T. Harrison, President

DALLAS  
TEXAS

## Actuarial Society Admits Fellows and Associates

### OLD OFFICERS REELECTED

National Casualty Organization Holds  
Annual Meeting in New York—  
Names Council Members

NEW YORK, Nov. 20.—All former officers of the Casualty Actuarial Society of America were reelected at the annual gathering here yesterday. The official roster is: President, George D. Moore, comptroller Standard Surety & Casualty; vice-presidents, Sydney D. Piney, associate actuary casualty actuarial department, Travelers, and Paul Dorweiler, actuary accident and liability department, Aetna Life; secretary-treasurer, Richard Fondillier, Woodward, Fondillier & Ryan, consulting actuaries, New York; editor, Robert J. McManus, statistician, casualty actuarial department, Travelers; librarian, William Breiby, Fackler & Breiby, consulting actuaries, New York.

The following were elected members of the council for three years: Edwin W. Kopf, assistant statistician Metropolitan Life; Harwood E. Ryan, Woodward, Fondillier & Ryan; James W. Glover, professor of mathematics and insurance, University of Michigan.

On recommendation of the council the society admitted the following as fellows without examination: V. Evan Gray, counsel Canadian Automobile Underwriters Association; Robert S. Hull, comptroller Standard Accident; R. Leighton Foster, superintendent of insurance, Toronto. The following associates have passed all examinations and have been admitted: James M. Cahill, Travelers; Henry H. Jackson, actuary National Life; A. Z. Skelding, assistant actuary National Council on Compensation Insurance; Edward S. Swillings, Woodward, Fondillier & Ryan.

### Enrolled as Associates

The following were enrolled as associates without examination: John H. Phillips, secretary-actuary Minnesota compensation insurance board; Harry Richardson, secretary-treasurer National Council on Compensation Insurance; Carl N. Jacobs, vice-president and general manager Hardware Mutual Casualty; Harold R. Gordon, executive secretary Health & Accident Underwriters Conference; enrolled as associates, Maurice L. Furnivall, Travelers; John J. Taheny, Arizona industrial commission.

The following have successfully completed examinations for associateship and will be enrolled provided they qualify by meeting other requirements:

Bruce Batho, Franklin Life; Thomas O. Carlson, National Bureau of Casualty & Surety Underwriters; William Chodoroff, Winnipeg, Manitoba; Israel Feldman, Metropolitan Life; W. Darrell Laird, Winnipeg; L. J. Lehan, Hardware Mutual Casualty; Alfred F. Muth, London Life; Conrad Orloff, assistant actuary, Pyramid Life; Rose Prasow, Confederation Life; S. L. Shpeller, Winnipeg; David Silverman, Woodward, Fondillier & Ryan; J. J. Smick, National Council on Compensation Insurance; Herbert E. Wittick, Standard Accident, and Joseph A. Yates, Travelers.

### Merrimon Federation Head

W. B. Merrimon of Greensboro, N. C., is the new president of the Insurance Federation of that state elected at the annual meeting in Pinchurst. He succeeds W. D. Wilkinson of Charlotte. Vice-Presidents are Thomas W. Tate, Asheville; Stacey W. Wade, Durham; John R. Peacock, High Point; M. V. Whitesides, Gastonia, and Col. Walker Taylor, Wilmington. Secretary is Price R. Cross of Raleigh, and E. J. Neal of Raleigh becomes treasurer.

## Agency Head Dies



CHARLES E. MITCHELL

Charles E. Mitchell, agency superintendent of the Lloyds Casualty, who died Saturday, was just at the gateway of a successful career with his company.

## Prevailing Virginia Rates Are Approved

RICHMOND, VA., Nov. 20.—Prevailing workmen's compensation rates were approved by the state corporation commission in an order entered today. The commission held that statistics now available do not establish that fact that they are producing and will produce with an economical and efficient administration of the business in Virginia more than fair and reasonable profit. The order climaxed an investigation of these rates begun more than a year ago at the direction of the state legislature.

### Differential in Detroit

Differential from the manual for Michigan will be 60 percent on and after Dec. 1, the National Bureau of Casualty & Surety Underwriters announces. This is a result of the recent conference of bureau companies writing plate glass in Detroit territory. This will do away with zoning for rating purposes which has been of considerable annoyance. It will mean reduction of rates in Detroit. The question of establishing a central survey bureau system, similar to that in use in New York City and approved by the local committee, soon will be considered.

### Has New Rating System

The General Casualty & Surety of Detroit has adopted a new plate glass rating system. It has started issuing a three-year plate glass policy, a new all-risk plate glass policy and has made arrangements to repair old sash or bars or to furnish new. The new manual issued by the company eliminates zones throughout the country. In nearly all cases the manual reduces rates and also provides uniform territorial discount, eliminating such irregular discounts as 42 percent, 57 percent, etc. The company now issues a three-year policy for 2½ times the annual premium.

### Robinson Pittsburgh Manager

The appointment of W. J. Robinson as manager of the Pittsburgh branch office of the Equitable Casualty & Surety of New York is announced by President John L. Mee. After several years' experience in the banking business in western Pennsylvania, Mr. Robinson entered the underwriting arena, gaining a particular knowledge of field conditions.



## WORKMEN'S COMPENSATION

### NEW RATES ARE ANNOUNCED

#### Compensation Inspection Rating Board Files Schedule in New York for Next Year

The Compensation Inspection Rating Board of New York will promulgate new compensation rates for the state to go into effect Jan. 1. They are filed with the state insurance department. The new schedule is about on the same level as the present one but there have been some adjustments in individual figures which will affect some classes. Insurance Superintendent Conway in accepting and filing the new rates says:

#### Conway Makes Statement

"I note as to rate level that a reduction of 3.5 percent was indicated on the basis of loss ratio experience for policy years 1925, 1926 and 1927 on the basis of full manual rates, but that such indicated reduction was offset by the deficit produced by the operation of the experience rating plan and by the cost of several amendments to the workmen's compensation law adopted during 1929. It is noted that in view of this situation the rate level adopted is the same as the existing rate level.

"As to the pure premiums underlying the proposed rates, it is noted that they are based upon classification experience for policy years 1922 to 1926, inclusive. Further, that on 98 percent of the business the new rates are based on New York experience in whole or in part, and the rates for only 2 percent of the business are based entirely on national experience. A comparison of the proposed rates with the present rates indicates an approximate equal division as between rate increases and decreases

resulting from the revision in rate relativity."

#### Kansas Injuries Increase

TOPEKA, KAN., Nov. 20.—There was an increase in the industrial accidents in Kansas in October, according to the Kansas commission on labor and industry. There were 1,327 accidents during the month, 83 over September. There were 1,283 accidents causing temporary total disability, an increase of 105 over September. There were 34 accidents causing permanent partial or total disabilities, 18 less, and 10 fatal accidents, four less than a month ago.

#### Agricultural Company Covers Help

TOPEKA, KAN., Nov. 20.—The Wheat Farming Company of Hays, Kan., is the first purely agricultural organization in this state to elect to come under the operation of the workmen's compensation law. By the terms of the law all agricultural pursuits and employments are declared to be nonhazardous and therefore the act does not apply to them, except by election.

Farm operations, particularly in the wheat country and the land of big farms, are rapidly changing and machinery, which increases the accident hazard, is fast coming to play an important part.

#### Rejects Delayed Claim

ALBANY, Nov. 20.—The New York court of appeals has held unconstitutional a special statute passed in 1927, giving Orsen Decker, specially named in the statute, the right to file a claim under the compensation law for injuries received Aug. 5, 1919. Decker when injured was under 15 years of age and through a guardian brought suit for damages on the theory that a person employed under age had a right of action under the common law. This case went to the court of appeals where it was decided that his remedy was solely under the compensation act. By that time it was too late to file claim under the pro-

visions of the compensation law and the legislature passed a special act attempting to lift the statute of limitations in his case. The court of appeals holds the special act unconstitutional because it denies the employer the equal protection of the laws.

#### Wisconsin Drive Bearing Fruit

MADISON, WIS., Nov. 20.—The campaign launched by the industrial commission to compel all employers to carry sufficient insurance to protect employees, has resulted in three criminal actions against employers. The commission has authorized the attorney general to dismiss criminal action against August Ganz, restaurant owner, Milwaukee, for failure to carry compensation cover. A woman employee was gassed and disabled for nine months, but he refused to pay compensation and transferred his real estate to relative, it was claimed. He was arrested and remained in jail for several weeks pending trial, then at his trial offered to pay. Failure to carry compensation in Wisconsin is punishable by maximum sentence of six months. In addition, the employer is liable to forfeiture of \$100 a day.

#### Delayed Notice Held Sufficient

LINCOLN, NEB., Nov. 20.—The Nebraska supreme court has ruled that compensation must be paid to Harry C. Ohlers, notwithstanding a technical delay in filing claim. Ohlers suffered an electric shock while at work, with no visible or apparent injury. A year later he suffered a breakdown and filed claim for compensation, alleging the breakdown was due to the electric shock. Doctors testifying in the case disagreed. The compensation commission, however, rejected the claim on the ground that it was not filed within six months of the accident. The supreme court reverses this ruling, saying that as long as Ohlers had given notice and filed his claim within six months after his present condition developed, he was complying with the spirit of the law.

#### Opposes State Fund Proposal

ST. LOUIS, Nov. 20.—Elmer Donnell, managing director of the Associated

(CONTINUED ON NEXT PAGE)

### Expect Many Failures Resulting from Market

Surety men are nervously watching and expecting an aftermath of defalcations and failures following the stock market crash. Already a few losses have occurred, three in Wisconsin and Michigan alone.

One of these losses was hypothecation of more than \$3,500,000 from a bank at Flint, Mich., by 10 trusted employees including an executive vice-president, all of whom have just been indicted. Some huge losses have occurred in Chicago in the last few weeks, one or two being heavily insured, and while there was no direct connection with the market it is believed the losses were due to the speculative trend of the times.

#### Losses Are Expected Later

Surety men point out that it will be a month or two before the bulk of losses will begin to be felt, due to the fact that embezzlement is carefully covered up and losses may not be discovered for some time.

Oddly, there have been hardly any failures of stock brokerage houses as it was confidently expected there would be following stock transactions on such a huge and hectic scale. In times of sweeping market changes it is sometimes difficult for brokers to close out losing accounts before deficits are shown, and there is always the element of speculation in the market by brokers who, if they are not scrupulously honest, sometimes divert customers' balances temporarily to cover their own operations.

Surety underwriters are frankly amazed that so few losses resulting directly from the market have been reported. Strengthening of the market the end of last week, it was expected, would stave off many failures.



## Never Failing - - -

The fleet of trucks shown and their crews especially adapted and capable of performing rapid and efficient service have *never failed* to provide prompt plate glass replacements.

Two hour service is not at all unusual with this company which is foremost in the Chicago plate glass replacement field.

Only unfailing plate glass replacements keep Plate Glass Insurance sold. Think of the *better* service offered by the American Glass Company when plate glass replacements are needed.

## AMERICAN GLASS COMPANY

1030-42 N. BRANCH ST. CHICAGO, ILL.

Call Mohawk 1100

## COMPENSATION

(CONTD FROM PRECEDING PAGE)

Industries of Missouri, has issued a statement opposing the plans of the Missouri State Federation of Labor for a compensation state fund. He points out that two prior attempts to bring about state fund insurance have been defeated and that the present law is working satisfactorily.

His statement also points out that of 302 compensation cases appealed to the courts 142 were taken up by workmen. Labor leaders in advocating state-fund insurance have declared that insurance companies are seeking to delay payment of allowed claims through appeals to the courts from the commission's awards. The statistics cited by Mr. Donnell do not sustain this charge.

## Not Subject to Garnishment

LANSING, MICH., Nov. 20.—Workmen's compensation benefits under certain conditions may not be subjected to garnishment action or attachment procedure, according to a ruling by Attorney General Brucker. The compensation is exempt if, after it has been granted under the state's compensation laws, it is deposited with a trustee or invested in an annuity, it was held.

## To Have Compensation Bill

It is stated that a workmen's compensation law similar to the one now in effect in North Carolina, will be introduced in the next session of the South Carolina legislature. F. Robertson Jones, general manager of the Association of Casualty & Surety Executives, addressed a meeting of local agents at Durham, N. C., on workmen's compensation this week.

## New Missouri Rate Approved

NEW YORK, Nov. 20.—With but a few minor changes the proposed new rates prepared by the National Council on Compensation Insurance for Missouri have been approved by Commissioner Thompson, following a hearing at Jef-

erson City. The revised figures, which mean an over-all reduction of 2½ percent from present rates, become effective at the close of the present year.

## Mine Owners Plan Reciprocal

SAN FRANCISCO, Nov. 20.—Directors of the Mining Association of California met in Stockton today to hear a report of a special committee which is in favor

of launching some form of reciprocal organization to carry the compensation liability of the industry. The miners claim that the premium rates in California are exorbitant despite the fact that they are virtually made by the insurance department and are based on actual experience. The rate at present is \$9.42 per \$100 of payroll. The California state compensation fund has carried the bulk of the business.

held that he had committed suicide. A jury returned a verdict for the widow for the value of the policies, but as the policies contain a clause making the policies not collectible in case of suicide, Judge Dawson reversed the case.

## New Funeral Benefit Company

The American Reserve Indemnity of Lincoln, Neb., with Lee Bayse, Helen Becker, Wesley C. Becker, Frank C. Grant and C. J. Shaw, owners of the \$25,000 capital stock, has been incorporated. It will confine its activities largely to writing policies guaranteeing payment of stated sums for burial expenses.

## National L. &amp; A. Promotions

P. R. Jackson, for a number of years cashier in the New Orleans No. 2 district of the National Life & Accident, has been promoted to manager of the newly created district at Hammond, Ind.

F. L. Orman of Austin, T. W. Johnson of Dallas No. 2 and C. D. Roach of Knoxville have been promoted to superintendencies in their respective districts.

## Seattle Club Elects

SEATTLE, WASH., Nov. 20.—H. A. Peter, National Casualty, was elected president of the Seattle Accident & Health Managers' Association at its November meeting. C. L. Burt was chosen vice-president, and R. M. Busbee, treasurer. Frank Vernon succeeds Lloyd A. Perkins as secretary.

Dr. E. T. Hanley, health commissioner of Seattle, talked on the work his department is doing. Messrs. Wares and Drake made a tentative report covering their investigation of hospital associations, giving an outline of some of the services rendered and the charges made.

## Appel Made President

Harry M. Appel of the Aetna Life has been elected president of the Accident & Health Underwriters Association of Philadelphia. He has been connected with the company for 21 years. L. H. Wilson, Fidelity & Casualty, was elected secretary, and J. F. Liebig of the Continental Casualty, treasurer.

## ACCIDENT AND HEALTH FIELD

## HVALE TO HEAD CLAIM MEN

Continental Casualty Man Elected President of Chicago Association at Annual Meeting

A. B. Hvale of the Continental Casualty, for many years one of the most active workers in the organization, was elected president of the Chicago Claim Association at its annual meeting last week, succeeding Edgar Harold of the Pacific Mutual Life. E. H. Freeman of the Federal Life, treasurer for the past year, becomes vice-president. Charles N. Dubach, Hartford Accident, who has done particularly efficient work in that office, was reelected secretary, and L. L. Phelps, Great Northern Life, was made treasurer.

Aside from the election, the meeting was devoted entirely to an informal round table, led by Edgar Harold, retiring president, in which a number of unusual claims were reviewed and the legal status of a number of disputed questions was discussed.

There was also considerable discussion of how to get the home office interested in the association and its work.

## Arrest Mississippi Promoter

L. C. Cadenhead, promoter and fiscal agent of the Mississippi Life & Casualty, which has been taken over by Commis-

sioner Lowry of Mississippi and for which a receiver is being asked, has been arrested and has had four indictments returned against him, charging him with embezzling approximately \$30,000 from the Bank of Kamper County, Scooba, Miss. Alphonse J. Oubre, former cashier of the looted bank and treasurer of the insurance company, has been given a ten-year penitentiary sentence.

A committee of the incorporators of the Mississippi Life & Casualty is making plans for its future and will decide whether liquidation or completion of the organization is advisable.

## Great Western Stock Sold

Sale of 1,355 shares at \$250 each in the Great Western of Des Moines, held by the late president, Henry B. Hawley, was ordered by Judge Frank S. Shankland in the Des Moines district court.

In his will Mr. Hawley directed that the stock be sold to five men, R. D. Emery, W. G. Tallman, V. E. Nutt, B. H. Gross and O. B. Hartley, all connected with the company.

## Suicide Case Reversed

LOUISVILLE, Nov. 20.—Federal Judge Dawson of the western district of Kentucky gave a directed verdict for the Preferred Accident and the Travelers on policies carried by Nelson W. Proctor when his wife sued the companies for \$17,000. The case will be taken to the United States court of appeals. Proctor, an attorney for the Louisville & Nashville Railroad, was found dead with a bullet wound in the heart. The coroner

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## FIDELITY AND SURETY NEWS

### EXPECT FIDELITY CLAIMS

**Business Conditions Are Such as to Bring About Speculation and Embezzlement**

NEW YORK, Nov. 20.—In their consideration of fidelity business from now on underwriters will reappraise general conditions surrounding each risk as a result of the recent upheaval in the financial world and the influence it exerted on business institutions and employees. It is one of the fundamentals in fidelity underwriting that every violent reaction in the stock market discloses defalcations, more or less numerous, depending on the extent of stock fluctuations. A considerable number of claims under fidelity schedules have already been received. It is confidently believed that a far larger number will come in when firms and corporations begin auditing their accounts. Many are now engaged on this work, inspired by news of large defaults by supposedly honest employees.

#### "Borrow" Employers' Funds

It has also been the experience of fidelity underwriters that not a few employees, whose stock holdings are wiped out by market shrinkages, seek to recoup their losses by speculation, and "borrow" from the funds in their charge for that purpose. How heavily the fidelity companies will be hit through default claims this year, will not be known for several weeks, but that the losses will prove unusually heavy, there is no doubt.

### RATE REDUCTION SOUGHT

**Kansas County Treasurers Not Liable for Designated Deposits—Diminished Liability Merits Decrease**

TOPEKA, KAN., Nov. 20.—An effort is being made by Commissioner Charles F. Hobbs of Kansas to secure a reduction in the rate for the surety bonds of the county treasurers of this state. He asked the surety rating bureau in New York this week to make a showing as to why these rates should not be materially reduced in view of the recent court decisions in this state.

Under the present laws the county boards designate the depositories and the courts have held that when the county treasurer deposits the county funds in the banks so designated that the liability of the treasurer for their safe custody is ended, as the deposits are protected by bonds direct to the county. The treasurers have comparatively small amounts of cash on hand so the insurance department believes that with the marked reduction in liability of the treasurers there should be a like decrease in the cost of the surety bonds required of these officials.

### COURT FIXES LIABILITY ON TREASURER'S BOND

The United States circuit court of appeals has decided on the liability of the American Surety in a suit against the city of Winchester, Ky. The American Surety executed its \$25,000 bond on the city treasurer, who was found to be short that amount in his accounts. These alleged embezzlements were of street assessments paid to him by property owners. Demand was made on the American Surety. It filed a suit to have the court determine to what extent the city was entitled to recover from it. The court found that the tax assessments totaling \$15,149, plus another item of \$508 were collected in his official capacity. A claim for an additional \$5,792 paid by another class of taxpayers was held not to have been collected by the treasurer in his official capacity.

### AGENTS FINED FOR REBATING

**Complaints on Bond Concessions in Iowa Lead to Disciplinary Action**

DES MOINES, Nov. 20.—Rebating on contract bonds in Iowa is reported to be clearing up to some extent. Conditions were so bad for a while that the Surety Association resolved to take drastic action and an arbitrator was named to pass on complaints. Only two cases are known to have been acted upon so far, there being a disposition to give the agents a chance to correct themselves. In the case of the bond for the plumbing and heating in the new building of Coe College gymnasium evidence of a 15 percent rebate was presented to the arbitrator and the agent was fined \$50. The amount of the contract was \$36,479.35. In addition to imposing a fine the arbitrator ordered the business reinsured, and therefore the agent also lost his commission of \$164.17. He is out the amount of the fine plus the amount of the rebate.

In the case of the \$300,000 bond of the Larson Construction Company on a paving contract at Ames, Ia., another complaint of rebating was made and the agency involved was assessed \$250. As this business also was ordered reinsured the agency lost the commission of \$937.46 and is out the amount of the fine plus the rebate.

Knowledge of these fines is spreading among agents throughout the state through the action of the special agents who are exhorting their representatives to maintain good practices. Firmness in dealing with complaints is expected to have a salutary effect.

### CONTRACT BOND PROCEDURE

**New Hookup is Bringing About Better Feeling With Members of Contractor's Body**

NEW YORK, Nov. 20.—About 90 percent of the contract bonds are issued by the 34 companies that have membership in the surety division of the Affiliated Bureau of the Associated General Contractors. The surety men feel that through the Affiliated Bureau greater cooperation can be secured between the surety companies themselves and between the companies and the contractors. The Bureau of Contract Information, which is a fact-finding institution is securing information regarding contractors. A number of them not understanding the purpose have appealed to surety agents for light on the subject. The surety companies are now advising their representatives suggesting that the agents recommend that the contractors supply information promptly and fully. S. M. Williamson is president of the Bureau of Contractors Information and he is also manager of the engineering construction division of the Associated General Contractors.

#### Report Bank Losses in South

LOUISVILLE, Nov. 20.—At the rate that reports are coming in regarding shortages of officials of both large and small banks it would seem that the surety companies are in for heavy losses as a result of the crashing stock market, which caught many of these speculators short of margin and with bank funds invested in the market.

At Owensboro, Ky., H. B. Eagles, president of the Owensboro Banking Company, stated that an audit made following purchase of that bank by Louisville banking interests, showed a shortage of \$15,000 to \$17,000, fully covered by a blanket bond of \$100,000 with the Fidelity & Casualty. In central Kentucky a few days ago a bank was taken over and merged on account of a shortage of \$40,000 or more, along with the disappearance of a minor official. A

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## Announcement!

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bank official has disappeared at Dyersburg, Tenn., and many other shortages or disappearances are anticipated.

### Calls for Advance Proof

The Independence Indemnity has been called on by Justice Louis A. Valente of New York supreme court to substantiate in advance of trial its claim that the Seymour Dress Company of New York City neglected to give immediate notice of loss as required by the terms of a fidelity bond. Attorneys for the company contended that it should not be forced to disclose its defense in advance of trial. The bond covered against loss of money, funds or personal property through fraud or dishonesty, including theft, embezzlement, wrongful extraction or misapplication. A loss occurred through disposition of property entrusted to an employee and the Independence Indemnity disclaimed liability due to failure to give immediate notice.

### French Is Made President

C. W. French, Royal Indemnity, is the new president of the Chicago Surety Underwriters Association. Frank C. McVicar, Detroit Fidelity & Surety, was elected vice-president; L. C. Knapp, Great American Indemnity, secretary; J. P. Keevers, Maryland Casualty, treasurer. The executive committee consists of R. E. Cline, Aetna Casualty; Gordon Fox, New Amsterdam Casualty; J. L. Maehle, American Surety; A. G. Stanten, Massachusetts Bonding; W. W. Steiner, Globe Indemnity; T. E. Dunne, United States Casualty; W. G. Kress, Fidelity & Deposit.

The annual banquet will be held this Thursday evening at 422 South Wabash avenue. The United States Casualty, through T. E. Dunne, manager, is elected to membership.

### Decision on Forgery Loss

MADISON, WIS., Nov. 20.—A bonding company can not recover money from an indorser on a check which was forged, but paid by the bank on which it was drawn, and which the company bonded against loss from forgeries, the Wisconsin supreme court held in a case from Sheboygan where some employees of the Kohler Company cashed checks on which the name of the paymaster was forged. The merchant who cashed the checks in question did not know of the forgery

and the bank was not aware of the forgery when it paid them, although the checks were drawn on the bank that cashed them.

The bonding company made good the loss to the bank under its bond, but sued the merchant as indorser for the money paid on the checks. The supreme court held that under the negotiable instrument act the bank, which is supposed to know the signature of its customers, can not recover.

### Would Require Corporate Surety

MADISON, WIS., Nov. 20.—An opinion as to whether or not the county board here legally can require county depositors to protect county funds by surety company bonds rather than by bonds signed by individuals is being sought from the district attorney.

The request was made because \$30,000 of the county's money was deposited in the Farmers & Merchants Bank of Sun Prairie, which has been taken over by the state banking commissioner. The bond in that case was signed by two men, both interested in the bank. Although county officials do not expect the county will lose the \$30,000 they considered it advisable to require surety company bonds in the future, if such requirement is legal.

### Portland Association Elects

PORTLAND, ORE., Nov. 20.—George W. Haerle of the Charles W. Sexton Company was named president of the Surety Association of Portland at its annual meeting. L. A. West of the James McI. Woods Company was chosen vice-president, and W. B. Gilham, district manager of the National Surety, was elected secretary. C. O. Price, United States Fidelity & Guaranty, is the retiring president of the organization. C. A. Tomassene of Dooley & Co., the principal speaker, took as his subject, "The Relation Between the Broker and the Underwriter."

### Large Ohio Bond Issued

The Commercial Casualty through its Columbus, O., general agent, Charles A. Holl, has issued one of the largest administration bonds ever given in Ohio. The bond was for \$780,000 and was given in connection with the probating of the estate of William E. Emerson.

## WITH BURGLARY UNDERWRITERS

### BANK LOSSES MORE NUMEROUS

November and December Always Bad  
Months for Burglary Underwriters  
—Warnings Are Issued

NEW YORK, Nov. 20.—Bank robbery losses are always more numerous during November and December than in the earlier months of the year. Underwriters have never been able to understand the reason why other than the theory that felons are anxious to supply themselves with funds for use during the Christmas season. Within a recent period several sensational bank robberies have taken place, and it is confidently anticipated still others will be attempted within the next few weeks. Bankers have been warned to be particularly upon their guard against all suspicious characters and to adopt every possible measure for safeguarding the cash and securities under their care. But even if these precautions are taken, it is unreasonable to believe that no more losses will occur.

Though more numerous than is usual at this particular season of the year, bank robberies thus far have not been so serious as to disturb company officials, and no suggestion as to rate increases are heard.

### Five Companies on Buffalo Loss

BUFFALO, N. Y., Nov. 20.—Five companies hold policies on jewelry stolen during the daring holdup of a dinner party in the fashionable Buffalo suburban home of John L. Carson, Jr., the night of Nov. 14. Seven armed and masked men took jewelry valued at \$300,000 to \$400,000 from the 14 dinner guests. Frank B. Baird, uncle of one

of the young women for whom the party was given, has offered a reward of \$35,000 alive or \$70,000 dead for the seven men. He and insurance companies have engaged the Burns detective agency to aid local authorities in their efforts to solve the crime.

### Incorporate New Requirement

Burglary companies are now incorporating in their contracts the recent requirement under the New York law that in the event of testimony taking regarding a loss, a copy of such testimony be furnished the plaintiff in any contemplated court action. Thus far the stipulation has been attached by riders to the insuring contract.

## COMPANY NEWS

### PREMIUMS AVERAGE \$250,000

International Reinsurance Gives Report  
for First 10 Months—President  
Hansen Forecasts Dividend

LOS ANGELES, Nov. 20.—Averaging nearly \$250,000 a month, gross premiums written by the International Reinsurance of Los Angeles for the 10 months ended Oct. 31, totaled \$2,458,467, according to a report by Carl M. Hansen, president, following a meeting of the directors. He also forecast that the company "will in the very near future begin to return to the stockholders a substantial portion of our earnings in the form of dividends."

Total income for the 10 months period was \$2,812,711. Gross expenditures were \$1,620,463, leaving an excess of



\$1,192,247, of which \$489,896 was added to the surplus and the remainder, \$702,251, to insurance reserves.

During its 16 months of operation the corporation's total income over disbursements was \$2,203,559, and its total increase in surplus was \$578,311. Insurance reserves increased at the same time \$2,125,247 and are now \$2,623,247. Assets as of Oct. 31, reached a total of \$7,203,559.

"Present indications are that during 1930 our gross income from all sources will be substantially in excess of \$5,500,000," the report stated. A substantial volume of business is expected to develop from the arrangements with Bevington, Vaizey & Foster of London, under which the corporation has agreed to enter the British and general European field.

#### Eagle Indemnity Report

The Eagle Indemnity has been examined by the New York department and

the report has been issued as of Dec. 31. The assets are placed at \$5,430,254, capital \$750,000, surplus to policyholders \$1,447,847. The premiums earned during the three years period were \$9,489,292, the losses and expenses \$9,905,096. The loss from underwriting was \$468,067 due to the creation of reserves on account of the increasing business. The investment gains during the period were \$514,680. No dividends were paid to stockholders. The company was found in excellent condition.

#### Washington Fidelity National

The stockholders of the Washington Fidelity National of Chicago have authorized an increase in capital stock from \$300,000 to \$600,000. The capital and surplus in the next annual statement will show an excess of \$1,000,000. The last statement showed assets \$1,474,497, capital \$300,000 and net surplus \$609,511.

## CASUALTY PERSONALS

**John McKechny**, vice-president of Joyce & Co. of Chicago, general agents of the National Surety, and one of the best informed contract bond men in the west, has observed a most impressive custom for a number of years. He has properly classified in his yearly calendar birthday anniversaries of a number of friends. During the day a telephone call is sure to come from John McKechny. He confines his birthday greetings largely to his friends in the Chicago telephone district. The recipients of his greetings always look forward to the expression of good will that comes from him.

**Dr. J. R. Neal** of the Abraham Lincoln Life, chairman of the executive committee of the Health & Accident Underwriters' Conference, was in Chicago Tuesday, conferring with Harold R. Gordon, executive secretary of the conference, in regard to the plans for the mid-winter meeting of the executive committee to be held in New York City, Dec. 11.

**Albert P. Lantz**, assistant manager of the liability department of the Chicago office of the Travelers, lost his father, the Rev. P. G. Lantz of Chicago, by death this week. Funeral services were held Wednesday. The veteran minister was 85 years old.

**Col. Fred W. Fleming**, president of the Central Surety of Kansas City, and chairman of the executive committee of the Indemnity Company of America with head office in that city, died in Chicago Thursday from the effects of an operation that was performed the day before. Colonel Fleming had been at the Presbyterian hospital in Chicago for a number of days preparing for the operation which surgeons felt would not be serious. He was a well known financial man in his city. He had been associated with insurance for 30 years. He reorganized the Kansas City Life in 1904 and was its vice-president for a number of years. He acted as receiver for and reorganized the Kansas City Railway Company. He was a director in the federal reserve board. He was one of the organizers of the Central Surety. He purchased the Indemnity Company of America, which had its home office in St. Louis, reorganized it, changed its headquarters to Kansas City and rehabilitated it financially. He had just completed that important work.

Colonel Fleming was 63 years of age. He died at 6 o'clock last Thursday morning, the operation having been undergone the day before. He was two hours and a half on the operating table for a serious abdominal malady. Lawrence M. Goodwin, secretary of the Central Surety, his son-in-law, was present when he died. Mrs. Goodwin and Miss Kathleen Fleming, another daughter, left for

Chicago but did not reach there until after his death. Another daughter lives in Boston. He sold his interest in the Kansas City Life in 1918 because the doctors gave him only a year to live, he being seriously ill from ulcers of the stomach. He recovered his health and became active in business. He was prominent in Democratic politics, being a delegate to three national conventions. The funeral was held Monday from his residence in Kansas City.

**William Brosmith**, vice-president and general counsel of the Travelers, celebrated his 75th birthday Nov. 8. He received many messages of congratulations from associates in the home office of the Travelers and out of the state. Mr. Brosmith has been connected with the Travelers for 35 years. He joined the company in 1895 as an attorney. In 1901 he was elected general counsel, when his predecessor in that office, Sylvester C. Dunham, later elected president, was made vice-president. Mr. Brosmith was elected vice-president and general counsel in 1922. He has been a member of the bar for 54 years and for the last 50 years he has devoted his time to insurance law.

In his official capacity as vice-president and general counsel, Mr. Brosmith has long been the representative of the Travelers in many insurance organizations. He has been president of the Association of Life Insurance Counsel, president of the International Association of Accident Underwriters and manager of the bureau of publicity, in the casualty field. He has served on the executive or governing committee of these and various other insurance organizations whose activities have been country-wide. He is regarded as the dean of insurance counsel of the United States, both in life and casualty lines, having served as chairman of the insurance committee of the American Bar Association.

**Robbins Griswold**, manager of the Indianapolis branch of the Aetna Life and affiliated companies, is on a visit to Hartford. During his stay there he will join with his brother, P. B. Griswold, assistant secretary of the Aetna Casualty & Surety, in celebrating the golden wedding anniversary of their father.

**James V. Briggs**, 30, claim adjuster for the Employers Liability in the Brown & Martin general agency at Louisville died Nov. 18 of pneumonia, which developed as he was recovering from an operation for removal of his appendix.

**David G. Luckett**, vice-president of the United States Casualty, who has been at Albuquerque, N. M., for some weeks past for his health, is reported to be improving.



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## Employers Men in Annual Meet

(CONTINUED FROM PAGE 35)

taken to the specialist in the city. "We are equipped to send special agents to you to assist in solving your problems."

"The agent who does not keep up with the various lines is not giving a proper service," Mr. Chandler said. "When we write compensation we have an obligation in addition to settling claims. We must do something to reduce claims."

"There are a great many little mutuals and reciprocals selling automobile insurance and I am sure often the idea of claim service elsewhere than where the insurance is sold is not considered. However, that automobile is likely to go, a long way off."

### Tells of 48-Hour Service

"Recently two young men in a small sedan hit a telephone pole here in Illinois hundreds of miles from their home. They had hardly any money with them, but because they were insured in the Employers within 48 hours they had our draft for \$485 and were on their way."

"We hear on all sides complaints of poor business conditions, but the Employers group as a whole has an increase of approximately 20 percent in business during the first 10 months of this year over the same period last year."

Mr. Chandler introduced E. E. Place, assistant superintendent of the engineering department in the Boston home office, expressing the opinion that the engineering department is more and more coming to be the one that holds the business on the books, simply because policyholders get service. Mr. Place explained how safety engineering helps agents hold their business, stating that a plant that is kept slovenly is sure to have a poor accident experience.

Elmer C. Anderson, manager of the

surety department of the Chicago office, spoke in the Monday meeting on the fidelity and surety manual, giving simple rules for its use. He was followed by W. G. Constable, special agent at Chicago, who told of the Employers' accident and health program.

"There is nothing worse than a living death," Mr. Constable said. "That is what we are insuring against." He said as a rule sickness insurance which costs approximately two and one-half times the accident rate, is troublesome to companies and agents and is not a particularly profitable line. Nearly everyone now carries an accident policy, he said, whereas 10 years ago almost the reverse was true. Mr. Constable argued against policies with 90-day exemption clauses and also against the lower cost \$9- or \$10-a-year policies.

### Other Speakers at Meeting

Thomas H. Carmody, another Chicago special agent, gave an interesting talk on salesmanship, saying that the day of high pressure salesmen is gone and that selling now is teaching the prospect what the bearing of insurance is on himself, his family, business, home and so forth. He said in order to sell multiple lines an agent must know the facts about the various covers.

Thomas J. Quinlan, superintendent of agents at the Boston home office, told of his recent trip overseas to the head office, and urged that agents develop small business as he saw Europeans farming every available bit of ground.

A good fellowship reception was held for two hours following the Monday session and then a banquet at which Mr. Stone spoke on the financial responsibility law. Round table discussions of many subjects occupied the entire session Tuesday morning. Mr. Stone ending the conference by summing up its results.

## Bankers Buying Blanket Bonds

(CONTINUED FROM PAGE 33)

ering applications for depository bonds, draw a sharp line between small and large banks, not that they have any prejudice against small institutions as such, but rather that as a rule their stockholders are men of comparatively limited means, who would be unable to come to the rescue should the bank fall into difficulties as readily as would organizations with wealthier stockholders.

### Experience Bad Recently

Company men are convinced that the unusually large number of claims under bankers blanket bonds already received will increase in number during the next few weeks, and should such prove to be the case an upward revision in rates for the coverage is probable.

The loss experience was satisfactory until 18 months ago, when a reverse condition set in, continuing steadily until the recent upheaval in the financial world, when it was accelerated.

## Kendall Heads Industrial Men

(CONTINUED FROM PAGE 33)

points in addition to those south of the old Mason and Dixon line.

In the discussion which followed Mr. Orr's address a number of members agreed that there is still some danger in the lax laws in various states covering the organization of industrial health and accident companies. It is said to require only a nominal capital to launch a company of this class and with a skeleton organization the managers of such concerns can and do resort to piracy on the business of established companies, eventually going into bankruptcy under circumstances for which the business in general is blamed.

### C. of C. Representative Speaks

L. P. Dickey, a representative of the Chamber of Commerce of the United States, was the first speaker on Wednesday. He urged the members to pay more attention to the various bulletins of the U. S. Chamber and to make a special effort to give affirmative or negative answers to questionnaires submitted to organization members regarding problems in business affairs having universal application, although for the moment not particularly of an insurance nature.

A paper entitled "Do We Select Our Agents or Do They Select Us?" prepared by H. R. Kendall of the Washington Fidelity National, and read by President Leal, proved one of the hits of the meeting. It was published in large part in THE NATIONAL UNDERWRITER last week.

### Craig Presides at Banquet

More than 100 were present at the banquet. C. A. Craig, president of the National Life & Accident, was toastmaster and acquitted himself handsomely. Mr. Craig reviewed the scenes in and around the Cawthorn on that September day in 1910 when the conference was formed.

At this point President Leal was delegated to present to Raymond Daniel, associate editor of the "Insurance Field" at Atlanta and a silver bridegroom, with a handsome silver punch bowl and a set of silver goblets to match. Later in the evening Mrs. Daniel was the recipient of a large cluster of chrysanthemums from a number of long-time friends of Mr. Daniel among the conference members.

Other banquet speakers were Louis Phillips, P. M. Estes and Frank Julian. The winners of the various golf contests were announced as follows: Conference cup, for lowest net score, H. R. Gordon, Chicago, Health & Accident Underwriters' Conference; runner-up cup, W. R. Lathrop, Birmingham; low gross score, Peyton Jones, Macon; Raymond Daniel cup, for largest gross score, O. T. Hogan, United Insurance Co., Chicago.

Peyton Jones, secretary of the Bankers Health & Life, Macon, Ga., spoke

## Automobile Deaths Reached a High Mark

Deaths from automobile accidents in 78 large cities of the country during the four weeks ending Nov. 2 totaled 840, the largest figure recorded for any similar period. This comes from the Bureau of the Census at Washington. For the 52 week period ending Nov. 2, the total deaths in these cities were 8,424 as compared with 7,250 the previous year. Of these deaths 670 resulted from accidents occurring within the corporate limits of the cities and 170 outside. The four weeks period ending Nov. 2 contributed the largest number of deaths in the history of the registration.

on "Claim Associations." Besides giving complete information as to the process of establishing and developing such organizations, he pointedly told the managing officials present that they had been derelict in not standing back of the field men in their claim association service. A lively discussion followed Mr. Jones' paper and a special resolution was passed requesting the executive committee to investigate the matter and report at the next meeting of the conference.

P. M. Estes of the Life & Casualty, reporting for the legislative and laws committee, referred to a very voluminous report made by his committee in 1928 and stated that the present review was supplementary to that one.

### Home Office Rising Fast

Construction of the new home office building of the Aetna Life and affiliated companies is progressing rapidly in spite of adverse weather conditions for four months following the breaking of ground on Jan. 22. Steel framework was completed on Sept. 10 and side walls are now well under way. Seven million bricks are being used in this building. Floor space is equal to 7.4 miles of 18-foot roadway. It is planned to have the building ready for occupancy in January, 1931.

### Determine Patent Company's Future

The American Patent Protective Association of New York City, managed by C. H. Remington, has called a meeting Nov. 27, to determine the future of the business. A committee is requested to act jointly with a committee of directors for the purpose of deciding on what basis the business shall be conducted. The organization functions not as an insurance company but as a protective organization. The business has shown a steady gain, the main problem being that of reinsurance. It is understood that the loss ratio is good.

### POSITION WANTED

#### Adjuster

Adjuster experienced in compensation and casualty lines is open for a connection with established casualty company in Chicago or vicinity. Law school graduate. Address O-5, The National Underwriter.

### Company or Agency Connection Desired

Have had some years' experience in the Casualty field, specializing in Comp. and Liability lines with a very large Casualty Company. Also some years in the Local Agents field as Agent. Can handle a Branch or develop an Agency. Address O-11, The National Underwriter.

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Established Cleveland Agency desires Casualty and Surety general agency connection. Address O-10, The National Underwriter.

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## REINSURANCE NUMBER

# The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, NOVEMBER 21, 1929

PART TWO

## INTERNATIONAL RE-INSURANCE CORPORATION (CASUALTY)

*Balance Sheet September 30, 1929*

### ASSETS

Real Estate (Home Office Building) .....	\$ 275,000.00	
Mortgage Loans .....	290,150.00	
Collateral Loans .....	1,125,600.00	
Bonds and Stocks:		
U. S. Government Bonds .....	\$ 741,374.99	
State and Municipal .....	1,050,483.46	
Miscellaneous .....	1,410,126.76	3,201,985.21
Money at Call .....		1,400,000.00
Cash in Banks and Office .....		267,107.76
Accrued Interest .....		49,966.62
Premiums in Course of Collection .....		430,920.59
		<u>\$7,040,730.18</u>

### LIABILITIES

Reserve for Unearned Premiums .....	\$ 965,669.87	
Reserve for Losses .....	818,599.05	
Reserve for Commissions, Taxes and Other Liabilities .....	202,783.37	
Contingent Reserve .....	500,000.00	
Capital Stock .....	\$1,500,000.00	
Surplus .....	3,053,677.89	4,553,677.89
		<u>\$7,040,730.18</u>

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# The National Underwriter

**November 21, 1929**

REINSURANCE NUMBER

Number 47, Part II

# Present-Day Reinsurance in America

## Remarkable Development of Quarter Century Produces Many Important Problems for the Underwriters of Today in All Lines

**R**EINSURANCE is one of the basic factors in insurance of today, comprising as it does some 30 percent of the fire business, 10 percent of the casualty business and a very sizeable and growing portion of the life business, and it is strange that no specific study of this business has ever been undertaken in this country for the general enlightenment of those affiliated with it. Across the water, more than one of the trade papers have taken up the study of reinsurance in special issues, but here it has been left to desultory press notices and individual enterprise. In view of this, there may be a field for a special issue devoted exclusively to this subject and going before both reinsurance and direct underwriters, carrying summaries of the past and ideas for the future. Certain it is that there is need for some constructive effort, for reinsurance today is not sailing wholly untroubled seas in America.

## Remarkable Growth In All Branches

Underwriters in all branches of the business are keenly interested in reinsurance today, for a remarkable development has been seen in this field since the opening of this century and notably since the war. The expansion of modern large scale operations in general business and, correspondingly, in insurance has called into vogue a new scale of reinsurance operations, hitherto unknown. Fire insurance, the oldest member of the insurance family, both as to direct and reinsurance business, is the most advanced, having stepped up the percentage of reinsurance to gross business from 5 percent at the opening of the century to over 30 percent today.

Casualty insurance companies merely dabbled in reinsurance at the century mark, but by 1915, they had turned seriously to this insurance of insurance, nearly 5 percent of the gross business being reinsured. Today, casualty reinsurance is well over 10 percent of the gross business and is rapidly heading for the \$100,000,000 per year mark, an enviable contender for equal honors with fire reinsurance.

## Life Reinsurance a Post-War Development

Life reinsurance is considered almost entirely a post-war development, having been given great impetus by the jumbo underwriting of the past few years. But the fact that it is an important and interesting member of the household is indicated by the figures on comparative production which show that not far from two billions of insurance in force has gone on the books in the past decade. The meteoric rise in reinsurance premiums in life insurance from a mere half million annually at the time of the war to over \$40,000,000 for this year is evidence of its possibilities.

Certain problems before reinsurance underwriters are of a general nature and can be applied to all classes of the busi-

ness—notably the broad, basic question of “ethics” of the business. Here there is no differentiation as to class; honesty in ceding business is the same in any type of office, fire, casualty or life. And here is possibly the most important problem of reinsurance today—or rather ill of the business. As the loss experience of any office will show, not all ceded business is given to the reinsurance company in the cloak of the golden rule. It is generally recognized that reinsurance business has a higher loss ratio than direct business, as it is the most hazardous half or portion of the whole; but it is also true, if not so generally admitted, that the inter-company reinsurance does not fare as disastrously as the business of strictly reinsurance companies. The direct writing companies have been prone to load the strictly reinsurance companies with the least desirable part of the excess business, leaving the less unfortunate lines for the direct writing companies which also take reinsurance and from which reinsurance is taken. This is an extensive item inasmuch as practically all direct writing companies of any proportions accept some reinsurance. Were reinsurance regarded by all offices as merely a safety valve on soundly underwritten business and not as a possible “dumping ground” for business accepted but not wanted, reinsurance would undoubtedly have a different story to tell today.

The trouble is not entirely with the direct writing companies, but is in part

traceable to the high degree of competition found today among the reinsurers. Reinsurance offices are feeling the brunt of this and are in part responsible for their own situation. The competition of course is not entirely within their own ranks, a great share of it coming from the direct companies which have entered the reinsurance market in earnest during recent years. This is notably true of the casualty and life field, competition in the latter being so keen that one reinsurance company which was organized last year, only last month gave up the struggle and decided to liquidate. There is no cure for excessive competition other than a concerted movement for adherence to adequate rates and rules, with the penalty of excessive losses going to those who persist in violating sound underwriting. The situation in America is not disastrous by any means, most of the companies having been able to show rather handsome profits in recent years, but this item of competition is one which looms constantly as a potential hazard for the reinsurance company—and is one of the factors that has created some disturbance on the sea of reinsurance.

## Marine Reinsurance Almost Extinct

Turning specifically to the various branches of the business, fire and marine reinsurance is naturally taken for first consideration. This is the field in which reinsurance originated and in which it

has reached its full development—in fact, in the minds of some, has run the gamut and is once again reentering the first stage of development. Breaking this into its component parts, marine reinsurance can be at once dismissed, as it is almost non-existent in America today. One reinsurance official facetiously suggested, when asked to contribute a discussion on marine reinsurance, that we devote one blank page to the subject, meaning that there was nothing to be said as this species is practically extinct today.

## Need International Peace Agreement

The bulk of the marine reinsurance business in America is going across the water, where it may be some of the underwriters are now wishing that they had permitted the American companies to retain these lines at their higher and justified rates. American offices cannot compete to any extent with the foreign offices today and feel rather satisfied that this costly class of business is now off their hands. Could they return to the marine reinsurance field on a basis which they believe sound, it would be gratifying and in that regard some such world wide movement as the recent "Vienna reinsurance clause agreement" would be of inestimable value. By that agreement foreign companies would write only on the basis of the rates and rules of the domestic companies—but even in the most auspicious circumstances, such agreements could mean little so long as such organizations as London Lloyds continue to operate without regard to rules and regulations. For the present there is little optimism in connection with the marine end of the business in America and the development is entirely along the lines of fire and allied side-lines—a development all the more remarkable when it is remembered that present figures compare with a past in which marine bulked as a sizeable entity.

## Fire Reinsurance Is Greatest Division

Fire reinsurance is the greatest division of this branch of the business, its total volume being unknown precisely, though it is not far from \$300,000,000 annually. On a total premium income, all side lines included, of nearly 1,000,000,000 in America, this means 30 percent of the gross is ceded. This has developed from a 5 percent total in the '90s, when reinsurance was first introduced to any extent in the United States. Having its inception across the water and developing most notably in Germany, it invaded the United States in the '90s and during the past quarter century has developed apace. The growth of fire reinsurance has two chief divisions, chronologically, the pre-war development being largely in the hands of foreign offices and the post-war development in domestic offices. Foreign offices have returned to this field since

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the war, but the domestic companies, practically all of post-war vintage, control the bulk of the strictly reinsurance business now and represent a new department in American business which has had a prodigious development and promises to remain well-entrenched.

#### Reinsurers Do Fifth of Total

The reinsurance companies, organized and operated for such business only and not dabbling in direct business, do not, however, control this huge total of \$300,000,000 in annual premiums. To their lot, foreign and domestic combined, falls but \$60,000,000—this being last year's total, which was somewhat less than that of the previous year. This alone represents a remarkable development of business for a decade—the American companies, with their premium total of nearly \$40,000,000 having developed this almost entirely since the war. But it also reflects one of the less advantageous post-war growths, the growing competition of direct writing companies. Roughly speaking, some \$240,000,000 annually goes to direct writing companies in the form of reinsurance. Some of them have become great reinsurance companies in this department. And in very recent years some have almost replaced their strictly reinsurance facilities with their own protection. That is, the growth of the fleet system of operation in fire insurance in the United States, distinctly a product of post-war operations, has made a heavy inroad on reinsurance possibilities.

#### Fleet Tendency Is Source of Difficulty

Without question the greatest cause of disturbance in reinsurance offices today is just this item—the tendency to amalgamate fire insurance operations into large units with a single operating unit, even though maintained as separate entities. This has rather naturally led to self-sufficiency in the matter of handling large lines, the chief purpose for which reinsurance was developed. Several of the large groups have cut seriously the amount of business ceded to others, being able to absorb even large industrial and commercial risks within their own retention limits. And one group has practically discontinued the practice of reinsuring its business, placing only small portions now and then facultatively. What the future will be in this connection, none can tell, but there are many who believe that time will see a partial return at least to the old order of things. There is some unrest as to the invasion of fire insurance by financial interests through this amalgamation process, but, even more important, there is a feeling that the golden decade just passed has blinded many to the value and purpose of reinsurance and this blindness will soon be cured.

#### Future May See Return to Favor

For well over 10 years, there has been no major conflagration in the United States—and the prolonged lack of a catastrophe invariably leads to laxity in deed and thought. Perhaps the huge fleets can absorb a catastrophe loss without thought—but, especially as fleet operations usually draw in equal heaviness from the same locations, there are some who feel that mere additions of capitalized units will not offset the increased potential hazard from exposure. It is believed that any great conflagration, such as time has persistently presented to underwriters with cyclic precision, will see even the fleets running to cover and desiring a replacement of portions of their exposure through reinsurance.

#### Side Lines Have Developed Tremendously

One of the important developments in fire reinsurance in the past 10 years has been the growth of side-line premiums.

(CONTINUED ON PAGE 20)

## Some Features of Fidelity and Surety Reinsurance

By F. J. PARRY  
Vice-president American Surety

Reinsurance covers a very wide field and plays a very vital part in the conduct of the insurance business and as the complexities and ramifications of our industrial and social activities increase, its role will be still wider and more vital.

Premium income and the proper distribution of liability are important factors in the successful operation of an insurance company. In order to acquire the first, it is necessary for a company to carry greater liability on one or more risks than can, with prudence, be carried net. The function of reinsurance is to afford the company issuing the direct obligation counter security in one or more companies, which will reduce the carrier's net liability to that point which has been fixed by its management as the normal exposure on any one risk.

#### Valuable Service to All Classes of Companies

Reinsurance renders a valuable service in the underwriting of insurance

tors of prime importance entering into the acceptance of reinsurance from other companies which should be carefully considered: (1), The reinsurer should be thoroughly satisfied with the management and underwriting policy of the company whose business it proposes to reinsure; (2), care should be exercised to see that the business offered represents the best selection of the reinsured's excess; (3), provision should be made for a fair commission cost for acquiring the business. With these three factors assured, the reinsurer should make a profit out of the transaction.

The problems confronting the two classes of companies, direct and reinsuring, are in many ways opposite. The direct companies must devote their best efforts to obtaining a volume of business, to judge each individual risk and endeavor to retain the largest amount possible of the desirable lines and the least amount possible of the undesirable risks. They can govern their acceptances and

F. J. Parry, vice-president of the American Surety, here reviews in a non-technical manner the fundamentals of fidelity and surety reinsurance. This branch of the casualty business is most important from a reinsurance standpoint, one-fourth of the gross premium income being ceded to reinsurers, the reinsurance premiums from fidelity and surety bonds being almost four times the total of any other single casualty line. Mr. Parry is recognized among casualty reinsurance men for his concise and valuable studies of the business.

risks. To the large company which reinsures its excess; to the small company which, as a matter of policy, maintains small exposures; to the agent in the field representing the small company, as he is not then limited to only writing policies or bonds up to the amount of his company's normal exposures; to the company engaged purely in the reinsurance of risks; and indirectly, reinsurance contributes a benefit to the assured, as it increases the value of the security which he holds in the form of policy or contract. It is, therefore, to the interest of the reinsured to see that its reinsurer is solvent, and, further, to exercise care to see that the selection of business placed with the reinsurer is of the same quality, as far as possible, as that carried by the reinsured.

For the reinsurer, there are three fac-

are in a position to obtain a high standard of quality for their whole business.

#### Selection Against Company at Outset

The reinsurance company starts out with the knowledge that its business will consist principally of "peak risks" or those of very large amounts which may present dangerous speculative hazards, and that other than these the quality of a large portion of the balance will be poor, such business as is probably regarded by the ceding company as substandard. The reinsurance company, therefore, must assume for its calculations that it will have a substantially higher loss ratio on its reinsurance than the original direct-writing company will have on its own retention.

The reinsurance company is limited in

the possible volume of its premiums by two things, first, dependence on the ceding company for volume, and secondly, limitation in the number of treaties it can accept, through danger of receiving double lines, in excess of its carrying and retrocession facilities.

#### Higher Loss Ratio to Be Anticipated

As the reinsurance company must anticipate a substantially higher loss ratio than the ceding companies and must pay the commission cost and a part of the home office expenses of the ceding companies, it is absolutely essential that the reinsurer should be able to transact business upon a very limited expense allowance, and the clerical work must therefore be reduced to the absolute minimum.

One of the tasks of a direct-writing company is to obtain business, but with the reinsurer—its principal difficulty is to give it off or to spread the risk. The reinsurer is therefore obliged to make many and various retrocession arrangements. The usual structure is first a series of quota retrocessions, then a first excess, then second, third and fourth excesses, then a general cover for any catastrophe hazard covering the whole business.

#### Difference in Fidelity and Surety Risks

Not only are there these marked differences between ceding and reinsuring companies, but there is a well defined difference between the ordinary insurance relationship and that of the fidelity and surety bond. An insurance company relies upon one source for its income, namely premium. The surety company relies upon two sources, the premium and resources of principal. An insurance policy can be cancelled. This places the insurance company in the position of keeping its selection up to the average. A surety bond, generally speaking, once issued cannot be cancelled, and the risk has to be carried to its natural termination. Policies are written for a definite term and surety bonds are written for definite and indefinite terms of long duration.

What constitutes ample resources of principal to adequately protect the surety is always a matter of opinion and judgment of the underwriter. Frequently there will arise honest difference of opinion among skilled underwriters as to whether resources of principal are sufficient to adequately protect the surety on any given risk, and this will follow through on reinsurance offerings.

#### Four Classes of Surety Offered

The liability that a surety company has to offer for reinsurance falls into four classes:

(1) Compulsory reinsurance, which is that portion of the liability of a bond which is in excess of the surety company's legal limit of 10 percent of its paid up capital and surplus.

(2) Voluntary reinsurance, that portion of the liability which is in excess of the amount that the company's management considers a normal exposure for the particular classification within which the bond falls.

(3) Bad bonds, the premium on which, plus the resources of principal will not, in the opinion of the underwriters, hold the surety harmless. The risk is one which cannot be cancelled. It has been executed either by an inexperienced underwriter or an agent through ignorance or through misunderstanding of his company's instructions.

(4) Policy risks, on which the premiums and resources of principal are not sufficient to warrant the company to assume the risk but which, together with other considerations, will warrant the company's assuming the hazard.

#### Suggestions as to Acceptance of Lines

It will be seen from the foregoing that the selection of excess to be offered is against the reinsurer to a greater extent than it is on a purely insurance line. To undertake to reinsure these offerings

(CONTINUED ON PAGE 24)

## Head Hartford Reinsurers



CARL F. STURHAHN  
President, Russia



B. N. CARVALHO  
President, Fire Reinsurance of Hartford



# Developments in British Reinsurance

*Curious History and Hectic Times of Market Across the Water Told by London Authority, Show Post-War Parallel*

(Copyright in Europe to "The Review" of London)

Reinsurance in England has a curious history, contrasting with that of direct business. As a specialist function in England for a separate company it is only about 25 years old, and then it was practiced only by two small and undistinguished companies. As a separate function it was a branch of business left to the continent—to Germany particularly; in so many things Germany has made a specialty of using up waste or surplus material from English industry and making a fortune out of it.

## Early Days of Business Are Told

Insurance in its rise and early development could do without reinsurance. In marine an underwriter endorsed the slip



**CARL HANSEN**  
President, International Reinsurance

which was the working key of the insurance with the amount he would take, and it went the round of the market, if necessary, under his lead. In fire insurance—there were no other classes—a variant on the same system followed. A particular variant that developed was that whilst in marine the broker retained the responsibility for completing his cover, in fire the underwriter—the insurance company—would give full cover and accept the responsibility of protecting itself against any excess liability by reinsurance, which it did by offering the surplus to other companies by facultative reinsurance. The system prevails to this day with, of course, modifications and, particularly, intrusions. Chief amongst the latter is the treaty reinsurance system under which, associated with each of the leading offices there is a swarm of satellites which it feeds, for a consideration, only the surplus not absorbed by the treaty associates being offered facultatively. There is still a very considerable amount of facultative business done for the reason that though the British offices and their treaty satellites can absorb big blocks of business there are also big target risks which must be spread thinly in which retentions are strictly limited, and in which there is a surplus to be got rid of.

## Tendencies Shown Early in Development

In this as in other matters, tariff organization has established a recognized practice as regards one another's rights and privileges—preserving to the original office its precedence in business intro-

duced to other companies facultatively—and also what established more or less intimate working association between offices. The British offices work in one with another under the wing or shadow of the F. O. C. (the Fire Offices Committee, the tariff organization), through their guarantee departments, which are internal reinsurance organizations for accepting as well as for giving out re-insurances.

## Pre-War Picture Briefly Summed Up

There was, and is to this day, a very clear line of demarcation between fire and marine insurance, although two of our oldest offices were from the start (1720) jointly fire and marine offices—doing life assurance also, we believe, more or less casually. On the continent there does not appear to have been so clear a line of demarcation, and also comparatively early their reinsurance department was in many cases organized

money in insurance and in reinsurance. But, like all easy money, it was not on a firm basis, and brought its Nemesis. War business was too much identified with war risks, but of itself would have run satisfactorily, although some of it had a very long "tail" (which, however, was not so much inherent to the business but was a kind of salvage by the insured when a great trade slump had developed). War-time business did not give the trained experience necessary to meet the abnormally hard and critical conditions that developed as an aftermath of the war, and the easy money of war risks business had not been stored against possibly disastrous conditions.

## Post War Boom Brought on Troubles

Between the war and the aftermath was a boom period in industry and in incidental enterprises. The big business and easy money in insurance during the war, and the natural, certainly the posi-

panies, rather it left them to a stronger position. But it very grievously weakened the position of the new companies, which were largely reinsurance companies. It left the leadership of the British reinsurance market to the Consolidated, which was the other pre-war British reinsurance company, and much business accrued to it. A lot of it, however, was marine. The Consolidated was under insurance management and administration, undoubtedly expert, and with wide experience in different branches of insurance (otherwise than in marine) but not in the rank of the old direct offices with their fine traditions and sterling qualities. Again there was in some degree a breakdown of the personal factor although not in anything like to the same extent as in the case of the City Equitable. It was shown

A situation somewhat parallel to that of the reinsurance market in America is to be found in Great Britain. There, as in this country, domestic development followed intensively upon the enforced retirement of the great German market during the War. And there, as here, the business has found itself, after a hectic decade, in a puzzling and somewhat unsatisfactory situation. The British market is also of some interest to American reinsurers, as the British companies have drawn rather heavily on the American market of late in competition with the domestic companies on this side of the water. In view of this, The National Underwriter asked the "Review" of London, an eminent trade journal which was the pioneer in reinsurance study and has contributed much to the serious consideration of the business, to give a summary of the British reinsurance situation today. This comprehensive review is the result and should prove of keen interest to reinsurers in this country.

as a separate adjunct to the direct writing office.

The Swiss Reinsurance Company of Zurich was formed in 1863; the Munich Reinsurance Company in 1880, and there were earlier distinct reinsurance companies on the continent: the Cologne Re. of 1843-52 is the earliest, but the two first named companies in course of time became pre-eminent in, and the center of, continental and international reinsurance activities. Their pre-eminence was based on the one hand on a broadly conceived policy of external operations both by treaty or proprietary relations with companies of other countries, and on the other hand by an intensive study of the technique of the business—and it cannot be too greatly emphasized that there is a technique in the business which is not to be readily acquired even in the working of the guarantee department of a direct office.

That was the position before the war: two inconsiderable British companies working in reinsurance, several important continental reinsurance companies with very important connections, the treaty system well established but not emphasized; and with the business in part either avoided by insurances by schedule under lead or transacted facultatively between the direct offices.

## War Drove Great German Market Out

The war cut out the all-important German companies from both insurance and reinsurance, throwing their insurance and reinsurance connections into the great hazard. It was impossible to organize home reinsurance companies; neither capital nor the personal training and experience were available, and the companies could not further take in each other's washing. Denmark and other Scandinavian countries stepped into the breach nobly, and for a time quite successfully; during the war there was easy

tive desire to keep the Germans displaced from their pre-war position, brought numerous insurance and reinsurance companies into existence, in Great Britain as elsewhere. In Great Britain they were not necessarily new incorporations. A favoured alternative was the purchase of a pre-1909 incorporation, which has certain exemptions from the provision of the 1909 act, and there were a good many dormant companies of that date. They were recapitalized for active business, either direct or indirect. There were many instances of this. One of the two British reinsurance companies established before the war—the City Equitable—was recapitalized under new administration and it quickly became the center of a considerable combination, expressing the biggest and most hopeful essay in the new reinsurance endeavour. Its collapse in the earliest stages of the financial slump following the post-war trade boom was a bad shock, although the collapse was due to personal and purely financial, not insurance, factors—it was absolutely on all fours with the Hatry collapse which is now engaging British, and to an extent international, attention. It was not a collapse even on the lines of the Frankfurter General which has its basis in actions—misadventures—by the company itself, incidental to insurance. In the case of the City Equitable, the insurance factor—perhaps in itself not strong—was completely overborne by the financial factor, and the breakdown of the personal factor in the administration brought down a big combination included in which were some very creditable insurance and reinsurance enterprises.

## Severe Shock to Newly Created Market

The City Equitable collapse gave a severe shock to the new insurance market—it could not touch the old com-



**HORACE R. WEMPLE**  
President, Reinsurance of America

rather in the incidentals of the collapse of the Profits and Income Company—an associated company—by interlocking shareholdings. The direct cause of the collapse of the Consolidated was its heavy marine business but had the administration and management been of first class quality the company could and would have been saved.

## New Competing Factor Was Introduced

The breakdown of the two oldest and senior companies—although in the one case positively due to factors not appertaining to insurance as such—and inexperience in the technique of reinsurance management—for experience in the guarantee department or other departments of the big composite office, whilst valuable was not sufficient for the management of an independent concern, with its separate overhead costs and responsibilities, and of course there was a recognition of this by the direct offices—have proved a very great handicap to the firm establishment and development of the purely reinsurance companies. At the same time a new competing factor arose—a very formidable factor from every point of view.

London has ever been the entreport of marine insurance and reinsurance for the whole world, but that centres at Lloyds which stands altogether apart from the British company fire and accident market. (The company marine market, of course, works in conjunction with Lloyds.) Lloyds non-marine market is the development of the last

(CONTINUED ON PAGE 22)

# Ten Year Review of Reinsurance

The post-war history of fire and casualty reinsurance in the United States is clearly shown in the subjoined tables of premiums and losses. Figures are given by year for the past five years and then for 1919. The latter shows the state of the market from the standpoint of strictly reinsurance offices and points to the dearth of domestic companies. The increase of the latter is shown while the decrease in importance of the foreign offices is shown. These figures do not, of course, include a large amount of foreign business that goes to Lloyds and non-admitted offices, so that actually the majority of the business probably still goes across the water, but it is clear that the domestic market has developed and notably so in the past ten years.

## Post-War Trend Shown in Figures

The experience in fire reinsurance has not been as favorable as those attracted into this branch of the business might have wished. The war profits soon vanished after the close of the war and losses cut heavily into premium income for a few years. Then in 1926 there was a turn for the better and for three years a very favorable experience was written up. The last phase of the post-war development is not shown here, the 1929 returns not yet being available. It is probable, however, that 1929 experience will not be as favorable. The upturn that started in 1926 has been checked and it is not now certain whether the future will be up or down. Competition is keen and losses are increasing. But reinsurance is thoroughly established and it is believed the temporary slump will

## Fleets Have Grown Among the Reinsurers

Fire reinsurance, like its parent business, fire insurance, has somewhat turned to the system of fleet operations. Half of the premium income of the strictly reinsurance companies goes to those companies which are operated as members of fleets. Some of those fleets have thus aggregated a premium income sufficient to make them sizeable entities in the insurance business. The fleet units in this country and their premium income in 1928 are shown as follows:

### Carl F. Sturhahn group:

Rossia	
American Reserve	
Fire Reassurance	
Lincoln	
First Reinsurance	
	\$15,264,000

### Meinel & Wemple group:

Reins. Salamandra	
Hamburg American	
North Star	
Sumner Ballard group:	
International	
Skandinavia	
New India	
	\$7,244,302

### Franklin W. Fort group:

Eagle	
Baltica	
	\$4,035,158

### Fester, Fothergill & Hartung group:

Union & Phenix	
Jupiter General	
Kyodo	
	\$2,328,759

### American Phenix Corp. group:

Reins. of America	
Lion Fire	
Underwriters Reins.	
American Reins.	
	\$1,556,021

be left behind shortly and a good business will result.

## Premiums Fell Off Some Last Year

Last year fire premium income fell off, \$1,000,000 for the domestic companies and \$4,000,000 for the foreign companies. Thus, the domestic fire companies gained on their foreign competitors in spite of the slump in income. United States companies had premiums of \$36,313,293 and losses of \$18,015,925. For-

eign companies had premiums of \$25,602,963 and losses of \$14,047,471. The aggregate was \$61,916,257 in premiums and \$32,062,896 in losses—which left a small underwriting profit, to which was added a sizeable investment profit for the year. The latter is one of the present phases of the slight turn for the worse, for investment profits in the future will doubtless be far less and underwriting profits must be depended on for net profit.

The casualty field last year saw a

notable improvement, premiums rising sharply, while losses dropped off slightly. Domestic casualty companies gained on foreign competition, the one admitted foreign office showing a decrease in premiums, while domestic offices increased their premiums about 30 percent. Casualty premiums have persistently increased over the ten year period and are now about triple ten years ago. Losses have never been disastrous, though in the years 1925 to 1927 they rose to dangerous proportions. Last year, however, they fell off somewhat while premiums rose sharply, giving a very favorable experience. United States companies had premiums of \$13,589,824 and losses of \$6,815,700 last year and the one foreign company brought the total casualty business to \$20,578,529 in premiums and \$9,817,192 in losses.

## Fire and Casualty Aggregate \$82,494,786

The aggregate fire and casualty reinsurance companies' figures show premiums of \$82,494,786 and losses of \$41,880,088, a very satisfactory experience for reinsurance. If the life business were added to this, it would bring the total premium income of strictly reinsurance companies to about \$86,000,000, which might be used as a basis of comparison with foreign countries, where all coverages are written in the one company.

The premium and loss figures for fire and casualty reinsurance companies operating in this country are as follows, for the past ten years:

## AMERICAN FIRE COMPANIES

	1928		1927		1926		1925		1924		1919	
	Prem's.	Losses	Prem's.	Losses	Prem's.	Losses	Prem's.	Losses	Prem's.	Losses	Prem's.	Losses
American Reserve.....	\$ 2,408,720	\$ 1,223,415	\$ 2,104,807	\$ 1,148,400	\$ 2,002,576	\$ 1,243,600	\$ 1,420,720	\$ 1,491,600				
Assoc. Reins.....	102,058	4										
Eagle Fire.....	2,537,930	1,431,372	3,523,139	1,258,096	2,409,609	1,271,831	2,077,570	947,921	\$ 985,772	\$ 730,126	\$ 437,905	\$ 232,198
Fire Reassur.....	2,934,664	1,714,574	2,976,854	1,908,049	2,807,001	1,997,235	3,050,128	2,157,151	3,246,647	2,063,150		
Guardian Fire.....	2,952,600	1,177,175	2,520,452	948,419	2,508,612	526,649						
Hamburg-Amer.....	1,418,730	748,832	1,503,962	622,292	1,441,166	238,308						
International.....	4,706,647	2,447,945	4,927,245	2,587,290	5,158,865	3,393,641	5,099,070	3,544,130	4,653,281	3,154,485	2,235,411	1,883,502
Inter-Ocean Reins.....	1,662,517	725,139	1,401,598	587,227	1,372,633	566,256	1,033,361	1,028,413	1,001,284	854,812		
Lincoln Fire.....	2,056,594	1,114,820	2,070,548	1,099,557	2,005,611	1,325,330	2,335,970	1,563,177	1,578,464	1,174,277		
Lion Fire.....	81,076	1,879										
North Star.....	2,404,355	1,084,879	1,843,012	1,183,141	2,456,390	1,329,469	2,724,071	704,389				
Pilot Reins.....	1,105,781	494,197	1,513,638	378,559	1,048,181	262,516	101,152	135				
Prudential.....	2,308,439	1,067,428	2,262,962	1,140,878	2,022,014	913,158	1,243,908	714,548	1,171,241	901,765		
Reins. of Amer.....	1,474,945	260,024	66,636									
Rossia.....	7,774,016	4,905,535	10,611,706	5,808,202	9,541,043	6,733,100	9,796,283	6,152,588	8,502,029	5,123,529	7,190,798	4,948,476
Transportation Reins.....	91,516	12,723										
Totals.....	\$36,313,293	\$18,015,425	\$37,342,159	\$18,680,110	\$34,833,761	\$19,906,093	\$29,522,932	\$17,904,052	\$21,139,618	\$14,002,144	\$ 9,804,174	\$ 7,064,176

## FOREIGN FIRE COMPANIES

	1928		1927		1926		1925		1924		1919	
	Prem's.	Losses	Prem's.	Losses	Prem's.	Losses	Prem's.	Losses	Prem's.	Losses	Prem's.	Losses
Baltica.....	\$ 1,497,228	\$ 701,747	\$ 1,487,505	\$ 799,171	\$ 1,404,222	\$ 815,504	\$ 1,214,453	\$ 833,000	\$ 1,110,733	\$ 844,140		
Christiana General.....	2,823,563	1,860,225	4,177,020	1,850,452	3,615,517	1,663,534	2,230,294	1,477,728	1,945,471	1,657,702		
Jupiter General.....	355,925	196,845	347,411	230,840	314,020	444,184	505,940	640,595	1,076,453	126,396		
Kyodo.....	684,900	336,085	950,518	282,158	277,531	13,858						
New India.....	663,403	391,644	710,830	496,026	1,172,785	1,062,253	1,406,857	1,209,986	1,488,709	1,393,770		
Pearl.....	1,288,716	668,152	2,329,157	356,369								
Prudential Reins.....	5,872,869	3,358,583	6,552,141	3,412,313	6,830,153	3,649,326	4,973,874	3,245,692	4,944,350	3,071,275	\$ 2,354,022	\$ 851,280
Reins. Salamandria.....	3,379,217	1,927,757	4,042,061	2,512,142	4,387,097	2,570,371	2,703,299	2,526,301	4,159,727	2,770,627		
Skandia.....	1,292,170	654,889	1,413,524	790,652	1,495,750	931,407	1,497,251	1,065,887	1,393,625	1,032,775	1,555,377	756,075
Scandinavia.....	1,364,491	524,340	747,070	225,673	1,100,940	373,701	231,473	851,781	1,735,316	1,382,962	7,358,070	2,879,417
Swiss Reins.....	5,092,550	2,739,267	5,842,762	2,697,530	5,363,595	3,112,626	3,992,411	2,338,359	3,484,710	2,434,642	2,336,226	1,201,594
Union & Phenix.....	1,287,918	687,938	905,040	882,069	2,045,804	1,233,812	1,295,679	1,455,682	2,787,503	2,430,917	3,701,831	1,504,305
Totals.....	\$25,602,963	\$14,047,471	\$29,566,574	\$14,536,395	\$26,796,024	\$15,876,576	\$20,231,540	\$15,644,811	\$24,129,597	\$17,849,206	\$17,308,786	\$13,697,671
Aggregate U. S. and For.....	\$61,916,257	\$32,062,896	\$66,908,733	\$33,216,505	\$61,629,785	\$35,776,669	\$49,754,472	\$33,548,863	\$45,260,215	\$31,851,350	\$27,172,000	\$20,761,847

## AMERICAN CASUALTY COMPANIES

	1928		1927		1926		1925		1924		1919	
	Prema.	Losses	Prema.	Losses	Prema.	Losses	Prema.	Losses	Prema.	Losses	Prema.	Losses
American Reins. ....	\$ 1,351,702	\$ 770,208	\$ 980,089	\$ 405,370	\$ 938,094	\$ 488,566	\$ 1,032,942	\$ 482,841	\$ 1,068,156	\$ 583,907	\$ 261,897	\$ 198,357
Employers Reins. ....	3,070,987	1,781,121	2,769,069	2,048,450	3,937,351	2,185,589	2,875,405	1,410,554	2,018,813	1,183,165		
Excess Reins. ....	1,111,107	486,676	124,631	45,316								
First Reins. ....	1,151,311	667,468	1,177,639	681,269	775,872	405,413	693,323	568,315	1,727,810	824,997		
General Reins. ....	5,449,340	2,905,859	5,922,421	3,627,538	5,168,553	3,573,796	3,161,510	1,879,846	1,230,224	552,103	4,145,110	1,321,997
International .....	1,455,371	204,368										
Totals .....	\$13,589,824	\$ 6,815,700	\$10,979,849	\$ 6,777,943	\$10,819,870	\$ 6,653,344	\$ 7,763,180	\$ 4,341,556	\$ 6,045,003	\$ 3,144,171	\$ 4,407,007	\$ 1,520,354

## FOREIGN CASUALTY COMPANIES

European General.....	\$ 6,988,705 \$ 2,001,492	\$ 7,432,160 \$ 3,517,351	\$ 6,007,827 \$ 3,375,121	\$ 5,903,222 \$ 3,650,433	\$ 6,103,829 \$ 3,642,648	\$ 3,243,879 \$ 1,235,967
Agg. U. S. and For.....	\$20,578,529 \$ 9,817,192	\$18,412,015 \$10,295,294	\$17,427,727 \$10,028,465	\$13,666,402 \$ 7,991,989	\$12,148,832 \$ 6,786,820	\$ 7,050,880 \$ 2,756,321

## AGGREGATE ALL FIRE AND CASUALTY REINSURANCE IN U. S. IN STRICTLY REINSURANCE COMPANIES

	1928	1927	1926	1925	1924	1919
	Prem. Losses	Prem. Losses	Prem. Losses	Prem. Losses	Prem. Losses	Prem. Losses
	\$61,916,257 \$32,062,896	\$66,908,733 \$33,216,505	\$61,629,785 \$35,776,669	\$49,754,472 \$33,548,863	\$45,260,215 \$31,851,350	\$27,172,000 \$20,761,847
Total Fire and Cas.....	\$82,494,786 \$41,880,088	\$85,320,748 \$43,511,799	\$79,057,512 \$45,805,134	\$63,420,874 \$41,540,852	\$57,418,047 \$38,638,170	\$34,823,546 \$23,518,168



# What America Offers in Reinsurance

Many for Fire,  
Fewer Casualty

Nearly 30 Strictly Reinsurance  
Offices Receive Various  
Fire Lines

## COMPETITION KEEN TODAY

Casualty Offers Only Seven Offices—  
Both Find Extensive Facilities in  
Direct Companies as Well

Reinsurance facilities in the United States are very broad, due to the extensive exchange of business among direct writing companies, but for strictly reinsurance facilities they are not so extensive, being very limited in fact in the case of life and casualty insurance. This is in reference to those companies writing reinsurance only, of course, for there is a large range of companies accepting reinsurance business in addition to their direct business, so large that it is in some cases a disconcerting item of competition. For reinsurance only, there are but two life companies and seven casualty companies operating in the United States. The fire field is more thoroughly represented, there being 16 American companies and 13 foreign companies operating in the United States. The three units are, of course, strictly separate in the United States, overlapping of coverages not being permitted, and a separate organization being necessary for the writing of fire, casualty or life reinsurance.

### Sixteen American, Thirteen Foreign Offices

Fire reinsurance is naturally the largest division of the group of the three, net premiums of the strictly reinsurance companies of the fire and marine division totaling somewhat in excess of \$60,000,000 in 1928. The facilities in this connection, as seen by the adjoining table, are 13 foreign companies and 16 American companies. These companies do not represent the total reinsurance written, but rather a small percentage of it, the bulk of the reinsurance of the large fleets remaining within the fleets and not going to the strictly reinsurance offices. This is one of the developments of recent years in fire underwriting that has been disconcerting to the reinsurance underwriter. Fire insurance has developed so notably along fleet lines that outside facilities are not utilized in many groups.

### Future Not Now Clearly Defined

For this reason, the fire business of the reinsurance companies comes almost entirely from the smaller and middle-sized fire companies. Even in the latter case, a large amount of reinsurance goes to the large direct writing companies, these organizations being in direct competition with the reinsurance companies. While the tendency has been thus far towards an increase of the direct writing companies' influence in reinsurance, there is a possibility that the future may see a shift towards the reinsurance companies, in view of the notable increase in new, independent offices in recent years. There is no way of knowing today what the total of fire reinsurance business is, if the direct writing companies are to be considered,

## Experience of Reinsurance-Only Companies in the U. S. Last Year

### FIRE REINSURANCE IN 1928 American Companies

Org.	1929	Surplus	Assets	Prem.	Losses	Invest.	Und.
						Gain	Gain
						1928	1928
Amer. Res....1919	\$ 1,799,387	\$ 4,630,228	\$ 2,498,726	\$ 1,223,415	\$ 296,116	\$ 204,797	
Assoc. Reins..1928	589,149	1,092,140	102,658		30,231	41,082	
Eagle Fire....1912	1,500,000	5,929,288	2,537,930	1,431,372	286,416	357,456	
Fire Reassur..1926	1,284,177	4,548,947	2,934,664	1,714,574	446,431	114,884	
Guard'n Fire..1926	2,185,213	7,913,079	2,952,699	1,777,175	1,331,548	5,543	
Hamb'g-Am...1925	1,255,649	3,106,559	1,418,730	748,832	106,463	1,848	
International..1909	2,438,616	9,925,361	4,706,647	2,447,945	590,871	358,477	
Int. Ocean Re.1919	832,635	3,261,108	1,662,517	725,139	107,868	135,469	
Lincoln Fire..1923	1,665,562	4,647,331	2,056,594	1,114,820	306,879	240,010	
Lion Fire....1928	371,398	644,708	81,076	4,879	—2,265	—22,337	
North Star...1925	1,489,722	4,348,954	2,446,355	1,087,363	128,280	96,694	
Pilot Reins...1925	934,295	3,554,187	1,165,781	494,197	300,574	82,870	
Prudential...1922	1,363,313	4,290,273	2,308,439	1,067,428	—10,243	255,339	
Reins. of Am..1927	837,391	2,154,293	1,474,945	260,024	124,436	—277,911	
Rossia.....1915	5,462,339	17,367,927	7,774,016	4,905,535	1,757,635	942,395	
Transp. Re...1928	1,567,021	2,682,852	91,516	15,315	151,070	—134,049	
Total .....	\$26,525,868	\$80,097,235	\$36,313,294	\$18,416,013	\$5,948,310	\$2,314,707	

### Foreign Companies

Org.	1929	Surplus	Assets	Prem.	Losses	Invest.	Und.
						Gain	Gain
						1928	1928
Baltica.....1915	\$ 1,193,019	\$ 2,916,455	\$ 1,497,228	\$ 701,747	\$ 65,351	\$ 191,469	
Chris. G..1847	1,376,539	4,989,199	2,825,563	1,860,225	150,430	469,942	
Jupt. G.....1924	445,163	866,414	355,935	196,845	5,141	49,460	
Kyodo.....1926	374,396	1,100,836	684,906	336,035	21,109	58,493	
New Ind..1919	874,755	1,732,829	663,403	391,644	19,245	91,118	
Pearl.....1864	754,068	2,281,681	1,288,716	668,152	46,633	165,219	
Prud. Re.1875	1,067,393	10,171,674	5,872,860	3,358,583	497,144	683,450	
Re. Sala..1918	1,566,405	5,764,672	3,379,217	1,927,757	140,408	465,262	
Skandia..1855	983,403	2,561,131	1,292,176	654,889	29,395	228,820	
Skandin..1899	1,002,121	2,227,597	1,364,491	524,340	87,536	1,941	
Swiss Re.1863	2,032,444	8,541,623	5,092,550	2,739,267	608,948	410,333	
Un. & P..1864	787,631	2,511,425	1,287,918	687,938	—1,478	200,920	
Total .....	\$12,464,338	\$45,665,536	\$25,602,963	\$14,047,471	\$1,657,962	\$3,010,427	
Total U. S. Cos.....	\$26,525,868	\$80,097,235	\$36,313,294	\$18,416,013	\$5,948,310	\$2,314,707	
Total Fire Re..	\$38,990,206	\$125,762,771	\$61,916,257	\$32,463,484	\$7,606,272	\$5,325,134	

### CASUALTY REINSURANCE IN 1928

#### American Companies

Org.	1929	Surplus	Assets	Prem.	Losses	Expenses	Ratio
							Exp. to Inc. to
							Inc. to Inc. to
							Prem. Prem.
							Writ. Earned
Amer. Re..1917	\$ 1,591,107	\$ 6,516,406	\$ 1,351,702	\$ 770,208	\$ 542,499	40.1	62.8
Empl. Re..1914	2,250,000	6,823,233	3,070,987	1,781,121	1,094,215	35.6	61.0
Excess Re..1926	1,247,095	3,019,102	1,111,107	486,676	467,961	42.1	69.3
First Reins..1911	1,195,853	3,278,247	1,151,311	667,468	518,271	44.5	57.0
Genl. Re..1911	1,603,036	13,000,781	5,449,346	2,905,859	2,188,343	40.1	55.8
Internat'l..1928	1,587,159	4,010,055	1,455,371	240,368	580,321	39.8	56.9
Total .....	\$ 9,474,260	\$36,647,924	\$13,589,724	\$6,815,700	\$5,386,610	40.3	60.4

#### Foreign Companies

Europ. Re.1911	\$ 2,500,000	\$15,394,865	\$ 6,988,705	\$3,001,492	\$3,286,741	47.0	40.9
Total Cas. Reins..	\$11,974,260	\$52,042,789	\$20,578,429	\$9,817,192	\$8,673,351	43.6	50.6

### LIFE REINSURANCE IN 1928

#### American Companies

Org.	1929	Surplus	Assets	Prem.	Paid-for	In Force
					1928	End 1928
N. Amer. Re..1923	\$1,000,000	\$1,077,904	\$ 9,112,962	\$2,909,296	\$52,527,000	\$159,457,000
Re. Life Am..1917	500,000	500,000	1,801,107	567,548	22,818,216	62,650,922
Total .....	\$1,500,000	\$1,577,904	\$10,914,069	\$3,476,844	\$75,345,216	\$222,107,922

### AGGREGATE REINSURANCE RESULTS IN 1928

	Capital	Surplus	Assets	Premiums
Fire .....	\$11,600,000	\$38,990,206	\$125,762,771	\$61,916,257
Casualty .....	6,300,020	11,974,260	52,042,789	20,578,429
Life .....	1,500,000	1,577,904	10,914,069	3,476,844
Total .....	\$19,400,020	\$52,542,370	\$188,719,629	\$85,971,530

but it is not probable that the reinsurance companies receive more than about 20 percent of the aggregate.

### Casualty Similar, Though Fewer Offices

There are not as many casualty reinsurance companies in this country, and those companies operating have not developed as large a premium income as in the case of the fire companies. Also, the casualty business is largely in the hands of the direct writing companies, as in the case of the fire business. It has been estimated that not over 25 percent of the casualty business goes to the strictly reinsurance companies. As the adjoining list shows, there are six American and one European reinsurance companies operating in the United States, and their aggregate premium income in 1928 was about \$20,000,000. In addition, a large volume of casualty reinsurance goes to the non-admitted foreign companies, particularly Lloyds.

As the one foreign operating company,

the European Reinsurance does over one-third of the business of the strictly reinsurance organizations, and the non-admitted companies from across the water do a large business; a very sizeable percentage of the American casualty reinsurance goes across the water. The bulk of the reinsurance premiums come from theft, burglary, fidelity, surety and compensation lines. These are also, unfortunately, the largest loss producers. The best underwriting results come from steam boiler explosion and general liability lines.

### Have Large Departments

The Sun Life of Canada, the Connecticut General Life and the Lincoln National Life, all three, have reinsurance departments with a premium income equal to the total income of many sizeable and aggressive direct writing companies.

Life Field Has  
Grown Rapidly

Youngest Branch in Range of Re-  
insurance Offices Is Now  
Large

## MUCH IN DIRECT OFFICES

Only Two Strictly Reinsurance Com-  
panies, 50 Percent of Total Being  
Written by Regular Companies

In the field of life insurance, the strictly reinsurance facilities are most notably limited, two companies only being in the field. This condition is not apt to change in the near future, for the reason that life insurance offers even greater competition than other lines in the matter of reinsurance. There are a number of direct writing life companies which do a huge volume of reinsurance business, one alone doing more business than many sizeable companies in the direct line and over a dozen being in the field in the aggregate.

### Must Consider Direct Companies

Consideration of life reinsurance facilities must necessarily include these direct companies, due to the nature of the development of this business. One company alone, the Metropolitan Life, has a reinsurance department that is larger than any reinsurance department or company in this country, all classes considered, and ranks as one of the largest reinsurance offices in the world. Bulking as keen competitors are the reinsurance departments of such companies as the Sun Life of Canada, the Connecticut General Life, the Confederation Life, Lincoln National Life and several others. There are 13 companies in this country that have reinsurance departments with a premium income annually of over \$250,000 and five that have annual premiums of over \$1,000,000.

### Many Are Now Aggressively in Field

The companies most aggressively in the life reinsurance business are the two strictly reinsurance companies, the North American Reassurance and the Reinsurance Life of America, and the 13 following companies: Metropolitan Life, Sun Life of Canada, Connecticut General, Confederation Life of Canada, Lincoln National, Prudential, Travelers, Peoria Life, Northwestern National, Shenandoah Life, Pan-American Life, Missouri State and American Life of Texas. The latter was originally a strictly reinsurance company, but in 1923 established a direct department which is now aggressively operating and removing it from the class of strictly reinsurance companies. The other reinsurance company which was on the list at the opening of the year was the Pilot Life Reinsurance of New York, but this has since dropped out, the competitive strain being too great for the company to even get grounded. It was organized last year, but was turned back for liquidation last month, without having transacted any business.

### Many More Are Entering the Business

Many other direct life companies are now in the arena. Some of the more ac-

tive of this lesser group are the Jefferson Standard Life, the Penn Mutual, Continental of Missouri, Old Line Life and Fidelity Mutual. There are some 15 more which report a total of reinsurance premiums that indicates a potential department of size for the future. And there are a score that have opened reinsurance departments, or at least decided to accept some reinsurance business, within the past year or two, indicating that many more are being attracted to this field of endeavor. Competition is now keen, but the market has just started to develop and the facilities are probably not too extensive for future needs. Big policy underwriting offers the means of great development in this division and it is only problematical whether the trend of the future in this youngest of the reinsurance groups will be along the lines of strictly reinsurance growth or direct company development. In the other lines, fire and casualty, the direct office growth was the first stage, with strictly reinsurance offices developing later. The same may be true of life business, which has only started to expand.

### Great Development Shown in Figures

The remarkable development of life reinsurance is shown from the annual



**FRANKLIN W. FORT**  
U. S. Manager Baltica, and Vice-President  
Eagle Fire of New Jersey

reports of the companies operating reinsurance departments. In 1928 the strictly reinsurance offices paid for \$75,345,216 in new business, bringing the total in force up to \$222,107,922. The premium income on that business was \$3,476,844. The direct companies with reinsurance departments (reporting nearly 100 percent to THE NATIONAL UNDERWRITER) showed a 1928 total of \$39,923,339 in premiums, with insurance in force of \$1,525,975,666 at the end of the year. Combining the two, the total life reinsurance premiums for the year were \$43,400,183 and reinsurance in force at the end of the year amounted to \$1,748,083,588. It is not unlikely that the total in force has even now passed the \$2,000,000,000 mark—whereas it is a business that dates back less than two decades in any degree of recognition and less than one decade for intensive cultivation.

### Reports Show Nearly Two Billion in Force

The growth over the past decade and a half is shown in the subjoined figures. They are not accurate for the earlier years, as few companies kept distinct statistics in those years, this being only an occasional line in most offices. It is believed, however, that these figures will represent the general picture, as indicated by the reports just received by THE NATIONAL UNDERWRITER. The annual premium income and insurance in force for 1928 and 1927 and three five

# Reinsurance as a Service to the Agent and Insured

By **HARRY R. WILSON**  
Vice-President American Central Life

The life insurance salesman of today, compared to the underwriter of the past, is in a far more strategic position to render efficient service to his client. Reinsurance facilities are largely responsible for this beneficent change.

There was once a time when an agent could deliver only standard life insurance policies within the net retention limits of the company which he represented. Many a sale has been lost because the field man could not deliver as large a coverage as the applicant desired. Moreover, such an agent did not have the liberty of selling insurance among that large class of individuals known as "under-average" risks. Thus the salesman lost his commission by reason of his inability to deliver a large policy, and, besides, was deprived of remuneration from the so-called substandard risk because his company was unable to accept it.

### Unlimited Field for Agent from Reinsurance

The salesman of today can write as large a contract on one life as he is able to sell and can have the insurance issued, in one or more policies, as desired, by his own company. He can likewise place a policy from his own company on a substandard life, even though the company he represents does not retain any portion of the risk. This is a wonderful assistance to any agent, and it is especially helpful to those who represent our younger life insurance companies. It places the underwriter affiliated with a small company on an equal competitive footing with the agent of an older and larger one. It explains why present-day field men enjoy greater earning opportunities, protected and equipped as these field men are with proper reinsurance connections.

### Permits Agent to Deal Entirely with Own Company

The life insurance salesman is the backbone of his company. He is entitled to every available service which will permit him to sell and deliver, as nearly as possible, any reasonable coverage desired by an applicant for life insurance. The realization of this fact by modern, progressive, underwriting institutions and the vital part which reinsurance development has played in broadening the scope of human service rendered by life insurance has been largely responsible for today's highly scientific type of salesmanship and for greatly augmented opportunities to in-

crease personal earning power. Underwriters prefer to deal with the company with which they have a contract, rather than attempt to distribute a large risk among several competitors. In fact, most companies' contracts prohibit such practice. Then, too, dealing with a single connection means familiarity with rules and practices and make for more harmonious transaction of business. Certainly it is fair for a company to expect its field men to maintain strict allegiance to one institution, and it is equally fair and proper for the agent to look to his company for complete service—service which is comparable to that offered by a competitor. Only a contented sales force can be truly efficient, and contentment is best secured by up-to-date equipment and treatment.

### Great Boon to the Small Company

Every life insurance company has a net retention limit. Old, large organizations with a great amount of insurance in force and substantial assets can retain a large portion of any one risk. A young, new company with a small amount of insurance in force and limited assets can retain only a small portion of any risk, during the company's early years. Later, as the passage of time results in augmented assets, greater surplus, and more insurance in force, a larger retention becomes permissible. A small company is also frequently handicapped by inability to afford the maintenance of substandard underwriting facilities. Such a company is, however, benefited by those who have scientific underwriting departments and it can reinsure 100 percent of a risk, if advisable—an advantage which is invaluable to the small company's agents and which is now utilized by the youngest organizations.

Some life insurance companies have created highly scientific reinsurance departments, thereby providing expert service for others who have not evolved machinery for handling under-average classifications. Such fully equipped companies likewise serve those whose agents sell larger policies than come within the limits of their own net retention. Here is a great progress indeed over the past! Why should not the underwriter be of greater capability and usefulness, as well as enhanced value to his company?

Obviously, no one life insurance company can accept on its own account a single risk involving insurance on a given life to the extent of, for example,

\$1,000,000 of protection. Risks of this size must be spread among several insurers. At the present writing, the total American legal reserve life companies' coverage on a single standard case is approximately \$7,000,000. Our largest companies will not accept in excess of \$350,000 on one life. This fact makes it important that all companies arrange reinsurance connections for the benefit of their respective agency forces. Many large policies are delivered each year—policies far beyond the net retention of any one company—and, if even the largest of our American companies fail to arrange proper reinsurance facilities, such failure may make it necessary for their representatives to seek elsewhere for an outlet for a new and large line of insurance recently sold. As has been said, such agency contacts with competitors are not regarded with favor. Some companies make it a practice not to issue a policy beyond their individual net retentions, but it will be noted that these few companies are of sufficient size to have an extremely large net retention, a limit which they feel is all that is warranted in the circumstances.

### Meets Competitive Force of Substandard

Substandard reinsurance is of comparatively recent origin. Prior to the ac-



**HARRY R. WILSON**  
Vice-President American Central Life  
of Indiana

ceptance of this classification, about 10 percent of all risks were rejected, although a feeling was prevalent that this classification was being unfavorably treated by exclusion. Many underwriters eventually took the position that every person who can pay for life insurance is entitled to it. This situation resulted in a movement to schedule the under-average class and thereby arrive at an additional rating charge which would make it possible to accept the risk—a work which was accomplished largely through the efforts of those companies specializing in reinsurance service. The latter, besides serving their own agency forces, reinsured substandard contracts of other companies. As a result of all this, the former 10 percent rejection ratio has been reduced to about 2 percent—an 8 percent saving that means profit to agent and company and protection to the under-average risk.

Today, a life underwriter is interested in his own company, not even being acquainted with the supporting reinsurance connection. The machinery necessary for a complete service is there, with absolutely no bother to him. His satisfaction is in his ability to deliver the policy which is required by his client. His company can issue a large policy just as quickly as it could formerly issue a policy within its own retention.

As for the insured, he, too, is far more satisfied. He does not wish to be confronted with a maze of different life insurance contracts, but prefers to deal

(CONTINUED ON PAGE 24)

year intervals prior to that are as follows for life reinsurance in total:

Total Life Reinsurance		
	Premiums	Ins. in Force
1928	\$43,383,000	\$1,748,083,588
1927	\$37,115,000	\$1,512,943,000
1922	12,500,000	538,000,000
1917	800,000	36,300,000
1912	260,000	15,400,000

The same figures for the reinsurance departments of direct writing companies are as follows:

Reinsurance of Direct Writing Companies		
	Premiums	Ins. in Force
1928	\$39,923,339	\$1,525,975,666
1927	\$34,175,021	\$1,324,953,082
1922	12,117,870	471,685,971
1917	710,000	30,800,000
1912	260,000	15,400,000

That the reinsurance business has begun to contribute to the purpose of life insurance in the form of loss payments is indicated by the following premium and loss figures for the reinsurance departments of direct writing companies, the rapid growth being indicated again in these returns:

### Loss Experience of Direct Writing Companies

	Premiums	Losses
1928	\$39,923,339	\$13,219,858
1927	\$34,175,021	11,505,567
1922	12,117,870	4,464,461
1917	710,000	170,000
1912	260,000	105,000

In all of this, it is clear that life insurance has only but entered its period of expansion. Big policy underwriting, the phase of the business that brought reinsurance into prominence, is only in its infancy. Life insurance trust business, the product of the past few years, promises many billions of new business for the future, the bulk of which will be in the realm of reinsurable business. Business insurance calls for lines that usually need splitting as to hazard and thus requires reinsurance facilities. The facilities are at hand and the business has ample room to grow. It now seems assured that these facilities will be far more intensively cultivated in the future and that reinsurance in this department promises an even greater future than in fire and casualty lines.



# Reinsuring the Many Casualty Lines

*Some Motives Underlying Casualty Reinsurance Are Reviewed by Keen Analyst Who Shows Increasing Recognition for Business*

By W. W. GREENE  
Comptroller, General Reinsurance

The function of both reinsurance and direct insurance is to broaden the exposure to loss. It follows that reinsurance and direct insurance are governed by the same organic principles, and subject, fundamentally, to the same hazards.

Risks with a sound "morale" are always insurable, given a proper rate and adequate reinsurance facilities. When, on the other hand, the indemnity recoverable from an insurance company in consequence of a given event exceeds the assured's actual financial loss, insurance principles do not operate. In such a case, the company is not really a carrier of insurance—merely a potential victim. The reinsurer is equally a victim when it undertakes a contract drawn in such terms as to make the ceding company's ultimate financial interest in premium volume, or in catering to its field representatives, greater than its interest in favorable underwriting results.

## Most Common Motive Is for "Shock Loss"

There is more than one legitimate motive for taking out reinsurance, but the most common is the desire to guard against what has been termed "shock loss." A dust explosion in a flour mill, a flare in the lacquering department of an automobile factory, the overturning of a crowded bus—these are all catastrophes which produce shock loss. Such events frequently exact heavy toll from the carrier of compensation or liability cover. Less spectacular mishaps, however, may be just as catastrophic in their financial effect. Pilfering on the part of the treasurer of a building and loan association may run into six figures, and the same applies to the loss occasioned by an accident in a power plant, or by the failure of a contractor or a country bank.

In a given year, a direct carrier writing one or more of the casualty lines may escape with few shock losses, or it may suffer a great many. As regards net underwriting results, a run of sizeable losses may be just as disastrous as a single big loss. For this reason, the prudent underwriter protects his department, and his company, against both of the contingencies just mentioned by fixing an underwriting limit which is moderate as compared with the premium volume and financial resources of the carrier. The underwriter then keeps his retention within the figure selected by reinsuring the surplus or excess portion of risks which otherwise would exceed his company's limit.

## Variation in Needs Under Varying Losses

On a large loss, the carrier needs reinsurance which will absorb the bulk of the indemnities paid. On a small loss, it needs no reinsurance at all, at least none from the viewpoint of shock loss protection. It is impracticable to make shock loss reinsurance apply to a uniform proportion of all losses, as a fraction large enough to fit the most disastrous cases, if employed with respect to all policies, would require the direct carrier to cede the bulk of its business to its reinsurer. The device employed to secure the necessary shock loss protection without undue impairment of the ceding company's premium volume may

(1) Throughout this article the term "casualty" should be construed to include "bonding."

(2) It probably goes without saying that the reinsurer covering the entire excess, or surplus line of a direct carrier should protect itself from shock loss quite as adequately as does the ceding company. This is done by means of what are known as "retrocessional" arrangements.

be either excess or surplus share reinsurance.

In the liability field, policies are not infrequently written for amounts greatly exceeding any loss which is likely to occur in connection with the particular risk. Coverage for these large amounts is thoroughly desirable, even necessary, but the fact remains that in the individual risk the probability of paying the face of the policy is rather remote. This condition is recognized in the rating structure for liability insurance, in that the additional premium for each \$5,000, or \$10,000 of added coverage decreases sharply as the total limits of the policy

where, if a loss occurs at all, it is somewhat more likely to involve the entire amount of the policy or bond. A case in point is the death benefit under an accident policy which, in theory, at least, is payable in full or not at all.

Surplus share reinsurance is reinsurance of the surplus, if any, of the individual policy over and above the company's limit, on the share basis. It follows that, under this plan, in case of all policies written for amounts greater than the company's limit, the reinsurer has an interest in every loss, regardless of its size. This is in contrast to the excess plan, whereunder the reinsurer's

Casualty reinsurance has come into its own within a comparatively short range of years and its operations have not been as standardized as in fire reinsurance. There appears to be emerging, however, a definite tendency towards the treaty form, as replacing much of the facultative business which abounded in recent years, and there also appears to be a tendency towards greater recognition of the strictly reinsurance office, favoring it instead of the direct office, through inter-company arrangements. These tendencies, as well as a comprehensive picture of the entire business are presented in this article by W. W. Greene, comptroller of the General Reinsurance, which deals chiefly with some of the motives underlying casualty reinsurance. Mr. Greene is well known among casualty reinsurance men and has contributed much to the business, notably an article or treatise not long ago which showed clearly the remarkable growth of the business in the past decade or two. His views in this article, based on a close study of the business and actual available statistics, are of value and importance.



W. W. GREENE  
Comptroller General Reinsurance

increase. In the liability field, therefore, it is both desirable and practicable to effect shock loss protection on the basis of excess reinsurance.

## Practice in Different Casualty Lines

Under the excess plan, the direct carrier retains the full amount of each and every loss up to, but not exceeding, a stated amount. For example, the ceding company may retain for its own account that portion of each policy which does not exceed the so-called standard limits of \$5,000/\$10,000. In such a case, the reinsurer is responsible only for that portion of any loss in excess of \$5,000 per person, or \$10,000 per accident. Reinsurance of this type not only protects the ceding company against the occasional very large loss, but also affords relief should its experience, as is more than likely in these days of increasingly heavy verdicts, develop a substantial number of accidents costing between \$15,000 and \$50,000.

The principle of excess reinsurance generally prevails wherever, as in the fields of public liability and property damage, a loss for the face of the policy is relatively exceptional, and the rating structure recognizes the excess principle. Surplus share reinsurance, on the other hand, preponderates in such fields as accident and health, and surety,

interest is confined to losses exceeding the company's limit. As an example of surplus share reinsurance—a company may retain the full amount of each accident policy up to \$7,500 principal sum and \$25 weekly indemnity, and reinsure that portion of any policy in surplus of these amounts. On a \$22,500-\$75 policy, the reinsurer would be liable for two-thirds of each and every loss, and would consequently be entitled to two-thirds of the entire premium for the policy. It should be added that the reinsurer would allow the direct carrier a "ceding commission," intended to cover the reinsurer's share of the acquisition and overhead expenses of the originating company.

## Protection Against Adverse Loss Ratio

It has already been intimated that protection against shock loss is not the only legitimate motive for effecting reinsurance. There are times when with entire propriety even a well-established company may seek reinsurance to protect itself against the possibility of an adverse loss ratio. This is particularly true when developments in the industrial or commercial fields require new forms of coverage to be launched.

Current developments in connection with aircraft constitute a case in point. Every reasonable effort is doubtless

being made by direct carriers to select business carefully and to establish safe and workable underwriting rules and rating plans. The fact remains that, regardless of these efforts, all the instruments of the business are new and untried. Lack of the experience which is available as a guide in case of the older forms of insurance subjects the carrier to an unavoidable element of speculation. In such a situation it is a matter of ordinary business prudence not only to obtain adequate shock loss protection, but also to "hedge" against the uncertainties of an unpredictable loss ratio. The direct carrier, therefore, usually asks a reinsurer to share the primary risk, which, in a more established field of underwriting, the ceding company would retain altogether for itself.

Rapidly growing companies frequently seek "straight share" reinsurance, i.e., reinsurance covering a stated fraction of what otherwise would be the company's retentions, after due provision has been made for shock loss protection. The desire to avoid part of the drain upon surplus occasioned by mounting reserves is frequently the governing motive of the direct carrier in soliciting arrangements of this kind. Before becoming a party to a contract of this type, the reinsurer should be satisfied that the ceding company's personnel is adequate, and that its financial interest in the underwriting results is not only equivalent to that of the reinsurer, but also substantial as compared with the company's own worth. The primary carrier should not be in a position to afford volume at the expense of good underwriting. Generally speaking, straight share reinsurance is legitimate only as a temporary measure.

## Not Always Matter of Entire Good Faith

So far we have confined our discussion to reinsurance effected in entire good faith. Unfortunately, there have been, and still may be, cases where the reinsurer is playing with loaded dice. Established companies have been known to "hog" the good business and to reinsure the bad risks to the hilt. In some cases companies have reinsured down to the ground, with the apparent intention of building volume at the expense of their reinsurers, and subsequently increasing their retentions, after the bad business has been weeded out. It goes without saying that in the situation last named, the reinsurer seldom has been deserving of sympathy.

In its early stages, casualty reinsurance copied its methods to a great extent from fire reinsurance, a field in which considerable latitude was allowed to the ceding company as to what risks should be reinsured, and to what extent. Casualty reinsurers doubtless overlooked the fact that in their own field, underwriters had had no opportunity to realize, through actual experience, the futility of "burning up" the reinsurance market. Conscious selection against the reinsurer was frequently condoned, and in some case it was even encouraged by reinsurance officials, whether through guilelessness, or because of an undue interest in volume.

To discriminate intentionally against reinsurers is now generally regarded as discreditable to an underwriter and to his company. The carrier selecting against the reinsurer finds itself before long obliged to recapture its market at the reinsurer's terms.

This change of viewpoint may account for the increasing vogue of the "fixed treaty," so-called. Whereas formerly in such lines as bonding and burglary it was practically universal for

(CONTINUED ON PAGE 22)

# Fleet Growth Versus Reinsurance

## Summary of Most Important Present Day Problem in Fire Reinsurance Is Given by Keen Home Office Official

By THOMAS B. DONALDSON

Vice-president Eagle Fire of New Jersey

Fire reinsurance treaties and fire fleets is a subject that embraces everything in the fire insurance business from very origin of the stock carrier in 55 B. C., or earlier. Whether or not strictly reinsurance companies will answer at roll call in the future is a question. I am quite sure many of them will. If you ask me if the "fleets" will all answer at roll call in the future, I say "many of them will." As a matter of fact, after briefly discussing "fleets" with one or two officials of fleets—rather newly born or recently enlarged fleets—I found that they knew as little about fleets as I knew and whatever air of mystery they essayed to assume was pure buncombe. In another instance I found that a well known fleet proceeded on the very sane, and enduring policy, of not interfering in any way with the respective units in the fleet. In other words, the personnel was neither nerve ragged nor soul perplexed wondering if the sword of Goliath, in hands of "the bankers" (the modern hobgoblins—but very much maligned, as a fact) were slating everybody, including the 'phone operator, for oblivion.

Banking is not supposed to be human. That's a mistake. Insurance can never be anything else but human, though some insurance men, and some bankers, may be of the deadly impersonal type.

Human nature does not change. Times change. In the past 20 years the frazzled, distant ends of the world have been brought into our homes via radio or slap-bang on our roofs via airships. Insurance is as voluble as anything else. The fleets are an emanation—and for so many reasons I'd hesitate to try to list them.

### No Profit in Fleet Reinsurance

The presence of fleets—those which were the first of the fleets in America—or the growth of our large independent companies, meant one thing to reinsurance companies, and that was that there was never any profit in a treaty with a fleet or a large independent company. Consequently there were no relations between them save in some limited lines or special pools.

As a matter of fact, the amount of capital and surplus paid in to all our American reinsurance companies has never been an amount to call for comment other than to its relatively modest amount. Ten years ago, yes, even up to five years ago, universal agreement was that there was no profit in the reinsurance business; that profit, if at all, meant investment profit—if the market behaved itself. There was no encouragement for banking interests, or private funds, so far as reinsurance was concerned. I am referring solely to the old time reinsurance treaty companies; reinsurance known as pro rata or excess of the one, two, three or more "line" variety. I am not referring to quota share, or facultative, or pure excess (where the direct writing company stands the first shock and thereafter the reinsurer contributes) or special forms of reinsurance cover.

### Short Profit Period Surprised Reinsurers

The dull dreary years after 1919 up to 1927 rather proved that reinsurers could make no money, but in the past three years somebody—maybe Providence—erred and reinsurers blinked their eyes when annual figures showed most comforting results. Of course, man is never allowed to remain happy very long, and recently out of the blue a lot of happenings came. Perhaps—it is my view of it if no one else's—the salient thing

was the turmoil in the producing field, but not the result of actions of the producing field itself. When direct writing companies pursued the even tenor of their ways a modest annual increment in premiums was the expected thing, and it happened. Suddenly the established home offices became aware of actual or portending premium volume decrease. So far as I can see the advent of newly born companies had much to do with this, an encroachment on the field of old timers, and mostly by reason of more liberal commissions paid. Again, America has been going through a tremendous house cleaning in the last 30

years. I mean, legitimate fires while actually causing immediate heavy losses, prospectively gave us fire resistant centers instead of hazards which would have fallen down, in their decrepitude, had not fires wiped them out.

Without question, the growth of fleet operations in the fire insurance business in America is the most important development and problem in fire reinsurance today. The past few years has seen the aggregation of companies into operating fleets of such size that many have discontinued the use of outside reinsurance facilities. Whether this condition will continue into the future or will expand or will gradually disappear is problematical, but it is very definitely a problem at present. Thomas B. Donaldson, vice-president of the Eagle Fire of Newark, N. J., has reviewed the fire reinsurance situation in America with particular reference to this question of fleet operations in this article. This is a delicate subject for consideration by anyone, but Mr. Donaldson has handled it with his customary diplomacy. Mr. Donaldson is a widely known figure, having made a national reputation for himself as insurance commissioner of Pennsylvania. He stepped from that office into re-insurance officialdom and is there taking first rank as an able re-insurance man.



THOMAS B. DONALDSON  
Vice-President, Eagle Fire of  
New Jersey

### Many Considerations in Measuring Cost

The average rate has fallen far in 20 years and the premium volume has fallen, yet the established companies must be fed and a very large number of new births. One has but to scan the new buildings in all our centers to see the remarkable advance in fire resistant structures. One naturally concludes that this means a marked decrease in loss ratios. That should be true, but the other side of the picture is the very rapid advance in acquisition cost. The Pacific Coast recently underwent a change and the direct writers face a commissions increase of almost 4 percent. The reinsurers, of course, began to face a request for increase of commissions. When costs go up they go up all along the line.

### Reinsurer Is Rear Line of Defense

A strictly reinsurer is really the rear line of defense in event of fire conflagration. That is a reinsurer's origin. The reinsurer may be considered, and is, from day to day a convenience corpora-

tion by which the direct writing company avails of an undisclosed partner to grant, in one policy, more cover than the direct writer cares, alone, to give. But, its real use is in times of severe catastrophe. It is an axiom that a reinsurer must be managed economically and it is accepted that in a span of at least five years a reinsurer is not going to grow rich on underwriting. By no means. No one knows when a catastrophe or repetitions may come and the "fat" years for a reinsurer should be reinforcement for the lean year, or day or month, which is very apt to come. Home offices which expect from reinsurers in-

### Always Reinsurance, Despite the Fleets

creasing rates of commissions must bear in mind—and most of them do—that one or two profitable years with a reinsurer cannot be the test. In fact, a seven year "swing" and preferably ten years, would be a fairer basis for considering underwriting (as distinct from investment) results.

got nothing or little in return. Of course, this would, by agreement, cut a bit into treaty business.

### Considers Tendency to Facultative Form

Reinsurers have of late been invited to write generously of facultative business, and some are successfully doing so, in conjunction with treaty business. Whatever objection one could vision up is not actual. I mean, objection by the direct writer toward the treaty company that a treaty company should not afford facilities (facultative) to a competitor of the direct writing company. It doesn't work out that way in practice. From the reinsurer's standpoint facultative business offers direct and stringent control on the underwriting and it prevents overlapping or heaping-up of liability. It would appear to me that the solvency of a reinsurer, in times of stress, is in prospect well cared for by a mixture, in its acceptances, of treaty and facultative business. There is spread and real underwriting. Treaties are a most convenient arrangement save where, perhaps, a general agent, remote from the home office, and where reinsurances are reported by him to the home office and then to the reinsurer, wants quicker service. If he can avail of facultative cover, near at hand, he saves time, costs and the worries of indecision.

### Suggestions as to Handling Reinsurance

Treaty relations with direct writers have always been on a plane of mutual trust and confidential relations. Where a reinsurance company has a facultative department the same atmosphere of confidence with all direct writers cannot but prevail because the producer of the business—the agent or broker controlling the cover—is not of the slightest interest to the reinsurer. On the other hand, there have been some annoying attempts to "switch" business when facultative cover was interchanged between offices interested in direct production.

For some reason—possibly an entire want of knowledge of how to write it and a disinclination to learn—what I term "pure excess" in fire reinsurance is on a par with Paris styles. One has to buy abroad to get it. I mean, of course, cover where the "A" company stand the first loss of \$100,000 and the excess cover pays the next \$250,000 in total or nine-tenths, or whatever portion of the first pure excess, the direct writer contributing, by the latter arrangement, a part of the excess so that the whole shock will not devolve upon the reinsurer.

### Examples of Certain Type of Writing

Some few covers of this sort have been written in the past by direct American writers. I know of one instance where a very large profit was made by the reinsuring (direct writing) company, but they abandoned the line and the only explanation was that the direct writing company "had no feeling for this sort of cover." It savored of a gamble, I presume. I refer to all this because I am sure that if any of our present strictly reinsurers would devote its activities solely to this pure excess the results would be annually profitable.

Except in very limited special covers I know of no American reinsurer which has even attempted the writing of pure excess, and this entirely out of regard for its treaty connections. The first scan of this pure excess plan would suggest that tremendous liability is heaped up. The individuals who underwrite this type of cover tell me that nothing could

(CONTINUED ON PAGE 24)



# Side-lines Are Building for Future

**Become Growing Factor—Accessory Coverages Make Up for Marine Premiums Companies Have Lost—Total 25 Percent**

Side-line business is one of the growing factors in reinsurance in this country and is rapidly developing, aiding in the increases that reinsurance offices are able to show in income in recent years. Fire companies have practically lost marine business in this country, the bulk of that going on inter-company agreement or to foreign offices. To replace this loss, however—which is not much of a loss considering the disastrous marine experience of recent years—they have developed some of the side lines to an important position in recent years. More than one office now reports nearly 25 percent of its premium income from side-line business and these new lines are but started in cultivation.

## Tornado Is Leader In Side-Lines

The most important side-line is tornado insurance. A few years ago, little of this went to reinsurers, as it was pre-

ferred business among direct offices and they did not wish to share the premiums. Now, however, in the face of successive disaster years, the reinsurers are favored with an ever increasing total of tornado premiums. So true is this that many reinsurers see danger in this side-line and would prefer a reinsurance pool for the business, though nothing has been accomplished towards effecting this. Tornado reinsurance premiums in 1928 bulked to \$2,122,317, with losses of \$1,083,243. This was only about 3 percent of aggregate premiums, but that is a sizeable department.

## Motor Vehicle Growing in Importance

Motor vehicle premiums are second in importance and in this department there is also a tendency towards increasing importance. As most companies have to be taught the importance of reinsurance through disastrous experience, rein-

surers usually get the worst class of business in the early stages—but last year the auto premium total of \$819,915 showed losses of less than 50 percent, some \$396,000. Hail was next, with premiums of \$663,999 and losses of \$402,554—unfortunate as was the general experience on hail business last year. Earthquake, sprinkler leakage and riot insurance each had about \$200,000 in reinsurance premiums last year, losses on these lines being negligible, and miscellaneous premiums bulked to slightly over \$1,000,000, with a 60 percent loss ratio. The latter item includes what marine is still written, the aviation premiums that began to appear in the reports last year and other casual lines, such as flood and rain. Total premiums on fire side-lines among the reinsurers amounted to about \$5,500,000, which was slightly less than 10 percent of their aggregate premiums.

In the casualty field, the various

classes of coverage can scarcely be called side-lines, as they constitute in their entity the casualty business, but these lines were once infant developments and thus are basically side-lines. From the figures below, the importance of some of the casualty coverages is readily seen, notably automobile liability. That has sprung into the fore in recent years, now bulking up to nearly 30 percent of the total premium income of the casualty reinsurers. The favorable loss experience on this class has been a factor in reducing the aggregate loss ratio for casualty companies and thus its importance cannot be over-emphasized.

## Figures for 1928 on Fire and Casualty Side-Lines

The figures for 1928 on fire and casualty side-lines are given as follows for all companies operating in this country as strictly reinsurance offices:

### DOMESTIC FIRE COMPANIES

	Fire		Auto.		Earthquake		Tornado		Hail		Sprinkler		Riot, Explo.		Miscellaneous	
	Prem.	Losses	Prem.	Losses	Prem.	Losses	Prem.	Losses	Prem.	Losses	Prem.	Losses	Prem.	Losses	Prem.	Losses
American Reserve .....	\$ 2,365,661	\$ 1,128,147	\$ 9,500	\$ 5,136	\$ 9,242	\$ 193	\$ 90,526	\$ 42,532	\$ 57	\$ 16	\$ 12,509	\$ 6,955	\$ 7,484	\$ 929	\$ 3,076	\$ 1,462
Assoc. Reins. ....	90,268		205		557		2,190				347		90			
Eagle Fire .....	2,445,378	1,382,759	1,407	1,287	12,610		73,230	43,391			2,049	3,324	2,557	611		
Fire Reassur. ....	2,555,001	1,578,624	14,515	8,616	3,031	28	87,507	41,522	216,556	2,017	4,008	2,775	8,300	2,201	44,992	40,224
Guardian Fire .....	2,813,533	1,076,663	4,906	5,679	3,696		98,506	54,746	7,383	5,770	9,352	2,734	9,533	128	5,830	3,047
Hamburg-Amer. ....	1,332,126	688,561	2,710	6,614	4,226		57,083	26,770	10,648	10,095	3,272	475	8,064			
International .....	4,291,793	2,209,299	144,172	77,325	23,564	27	174,011	54,671	45,716	18,382	15,020	2,561	12,371	1,779		
Inter-Ocean Reins. ....	1,122,659	429,067	43,329	1,270	2,996		216,680	74,885	275,093	190,746	555		1,203	76		45
Lincoln Fire .....	1,044,510	1,022,578	18,648	10,137	5,855	104	73,652	42,517	4		7,409	5,647	6,433	1,080	6	
Lion Fire .....	76,871	4,582			475		3,339	217			178		214			
North Star .....	2,313,417	1,002,603	8,225	6,656	13,244	30	83,383	40,199	6,458	5,736	8,622	1,721	13,007	1,204		
Pilot Reins. ....	1,054,189	465,500			4,454		92,711	23,282			10,061	3,407	2,373	2,007		
Prudential .....	2,164,582	995,809	19,395	3,646	6,091	27	75,536	26,804	10,028	10,591	12,210	3,227	19,276	1,226	472	547
Reins. of Amer. ....	1,305,373	107,057	23,323	1,318	2,410		10,959	12,334	58,910	134,929	1,116		3,804	21		
Rossia .....	6,390,113	3,992,075	191,642	97,186	21,211	341	226,246	157,054	13,010	8,082	20,072	15,173	24,237	2,687	971,473	578,177
Transportation Reins. ....	36,947	227					1,506	4			11		57		52,905	12,491
Totals .....	\$32,287,508	\$16,983,491	\$481,986	\$224,870	\$115,551	\$750	\$1,376,764	\$640,928	\$644,381	\$386,374	\$108,301	\$47,999	\$119,033	\$13,959	\$1,079,354	\$635,993

### FOREIGN FIRE COMPANIES

	Fire		Auto.		Earthquake		Tornado		Hail		Sprinkler		Riot, Explo.		Miscellaneous	
	Prem.	Losses	Prem.	Losses	Prem.	Losses	Prem.	Losses	Prem.	Losses	Prem.	Losses	Prem.	Losses	Prem.	Losses
Baltica .....	1,424,939	664,608	1,627	105	8,756		60,631	16,043	\$ 1		\$ 592	\$ 85	\$ 491	\$ 145		
Christiana Gen. ....	2,731,049	1,718,684					76,754	77,556			6,793	5,632	8,367	4,013		
Jupiter Gen. ....	334,947	178,758	6,337	3,417	1,441	5	8,840	6,741	507	273	1,365	689	1,873	193	622	211
Kyodo .....	621,796	298,850	33,308	17,333	1,350		24,375	8,966	368	14	1,872	569	1,750	68	79	
New India .....	637,680	374,601	882	1,940	712		7,864	1,673	4,621	3,485	3,825	350	7,820	1		
Pearl .....	1,227,685	615,403	21,297	12,535	5,914		27,442	20,228	223		3,234	110	2,705	153	155	3
Prudential Re. ....	5,562,098	3,130,967	53,401	18,159	28,096		180,346	90,962			26,763	11,586	21,155	4,585		
Reins. Salamandra .....	3,212,464	1,753,645	11,491	11,108	11,263	48	104,995	90,767	10,229	9,031	11,253	2,640	17,583	2,232		
Skandia .....	1,244,433	624,707			4,382		30,443	19,362			7,170	2,114	5,748	239		
Skandinav. ....	1,331,370	487,097			1,067		26,902	12,091	3,669	8,381	242	75	449	4		5,318
Swiss Reins. ....	4,682,878	2,453,701	187,265	93,676	16,852	240	168,984	86,818			21,842	7,098	12,876	1,073	1,854	418
Union & Phoenix .....	1,220,066	630,290	21,469	13,104	5,069		27,977	20,228			3,330	321	9,092	428	377	3
Totals .....	\$24,232,011	\$12,931,311	\$337,929	\$171,671	\$ 85,322	\$ 293	\$745,553	\$442,315	\$ 19,618	\$ 16,180	\$ 88,281	\$ 31,269	\$ 90,168	\$ 13,114	\$ 3,087	\$ 5,953
Aggregate U. S. and For. ....	\$32,287,508	\$16,983,491	\$481,986	\$224,870	\$115,551	\$750	\$1,376,764	\$640,928	\$644,381	\$386,374	\$108,301	\$47,999	\$119,033	\$13,959	\$1,079,354	\$635,993
	\$56,519,519	\$29,014,802	\$819,915	\$396,541	\$200,873	\$1,043	\$2,122,317	\$1,083,243	\$663,999	\$402,554	\$100,582	\$79,268	\$200,201	\$27,073	\$1,082,441	\$641,946

### CASUALTY COMPANY SIDE-LINES

	American Re.		Employers Re.		Excess Reins.		First Reins.		Gen'l. Re.		International Re.		European Reins.	
	Prem.	Losses	Prem.	Losses	Prem.	Losses	Prem.	Losses	Prem.	Losses	Prem.	Losses	Prem.	Losses
Accident .....	498	2,553	90,744	72,466			583,276	327,529	239,280	170,266			\$1,527,004	\$98,855
Health .....	—151	4,694					150,096	80,388	87,019	93,260			406,302	310,744
Non-Can. A. & H. ....	184,528	56,796	50,451	11,156			102,394	46,009	207,030	207,898			13,773	122,172
Liability (other) .....	973,815	180,351	1,516,600	628,691	524,534	24,537	161,513	44,558	1,846,114	690,660	602,796	27,865	1,104,242	153,632
Work. Comp. ....	243,025	48,565	324,843	176,626	91,050	8,918	3,743		926,800	624,083	278,830	18,274	14,544	436
Fidelity .....	4,754		9,968	6,132	25,919		—1	11,928	398,630	160,518	5,200	403	425,444	220,882
Surety .....			136,919	—9,659	29,234		35,680	—43,408	623,896	405,684	53,487	1,686	377,802	123,898
Plate Glass .....			—29	313					19,465	1,473	22,397	1,244		
Burglary .....	20,545	5,215	225,347	121,171	7,052	131	44,827	18,760	222,900	69,069	111,965	5,361	2,213,744	634,283
P. D. (other) .....	9,111		24,700	1,084	16,700		1,277		32,142	734	11,540	472	7,461	
Auto. (other) .....	6,500		255,771	105,429	137,351	19,802	—130	8,715	43,971	7,918	114,234	6,334	2,963	7,010
Auto. Col. ....			219,091	142,324	15,840	4,827	177	879	32,123	6,696	21,542	1,186	6,248	94
Steam Boiler .....	—108				23,035				3,538	—214	33,480	1,058	87,085	8,090
Machinery .....	239				20,405		—293		16,517	—22	12,576	627	40,039	64,394
Credit .....									—4,090					
Sprinkler .....									—1,629	89				
Live Stock .....								993						
Miscellaneous .....													383	
Totals .....	\$2,440,811	\$1,471,669	Work. Comp. ....	1,832,931	871,902	P. D. (other) .....	102,940	2,290	Credit .....	—4,090				
Health .....	703,206	489,086	Fidelity .....	875,113	399,863	Auto P. D. ....	500,790	155,208	Sprinkler .....	—1,629			89	
Non-Can. A. & H. ....	379,048	387,335	Surety .....	1,200,772	478,201	Auto Col. ....	295,932	156,006	Live Stock .....				993	
Liability (other) .....	2,359,420	638,724	Plate Glass .....	42,833	3,030	Steam Boiler .....	147,579	8,934	Miscellaneous .....				383	
Auto Liab. ....	6,029,704	1,750,294	Burglary .....	2,855,350	853,990	Machinery .....	98,537	64,945						

\*Includes Health. Total accident, health and non-can. prem. \$3,523,725. Losses \$2,348,090.

# Facilities a Direct Company Needs

*Size of Reinsurance Arrangements Essential to Fire Companies Reviewed by Keen Analyst of Business*

By **H. ERNEST FEER**  
Secretary Guardian Fire of New York

My memory goes back quite a number of years ago to an eastern fire insurance company, small in itself, but affiliated with a very fine casualty office. The fire company accordingly had a good agency net and operated in at least twelve states, with a claim on a substantial volume of good business. To complete the picture, the assets amounted to approximately \$1,000,000. This company arranged its reinsurance by way of a nine limit first surplus pool. This meant that it could write ten times its net retention and all surplus amounts exceeding such net retention would be divided equally among nine limits first surplus.

## Early Lesson In Feasibility of System

Being in those days an ambitious young reinsurance broker, I tried to place a part of these nine limits, taking it to a man who then was the chief underwriter of an important company and who since has acquired national reputa-

net, though it is likely to be on a special hazard. It then cedes under each reinsurance limit the full amount, with the result that the reinsurer now has on one risk a cession greatly exceeding in size the others.

## Not Conducive to the Best Underwriting

From the ceding company's standpoint the situation is not really satisfactory either. Firstly, it has treaties that are fraught with the danger of isolated heavy losses and if these happen (the premium income under the treaty being small) the treaty might be cancelled. The ceding company's entire reinsurance arrangements are unstable.

Further, a treaty arrangement like this has other drawbacks. Its ready facilities encourage a company to write heavy gross lines, not only on good business (where it is justified) but also on less attractive lines, down to accommodation business. Reinsurance that is too ample weakens a company's resistance towards brokers and agents, when they press for facilities on poorer classes.

reinsurance is ceded outside of the group is in nearly all cases handled facultatively.

Foreign admitted companies have in nearly all cases a first surplus pool of three to five limits, followed either by a second surplus, or by facultative arrangements with other direct offices, for exchange of reinsurance. One company's reinsurance is reported to consist of a first surplus of one limit only, with a second surplus of two limits, but this is rather the exception proving the rule.

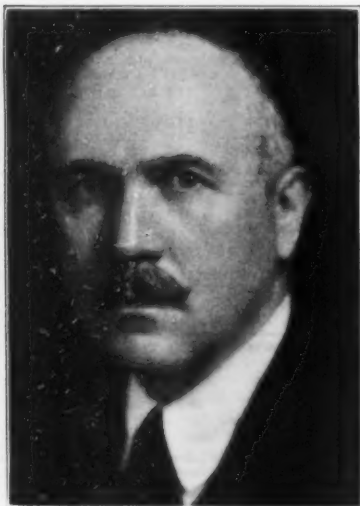
## Uses of Reinsurance In Various Groups

Group 3 either arranges its reinsurance in the same way as the foreign admitted offices, that is, by a three to five limit first surplus, or they use inter-reinsurance bureaus like the Clearing House, the American Reinsurance Exchange, etc. Sometimes they have a second or third surplus treaty following their cessions to those bureaus. The important point at any rate seems that also for this group the ordinary obligatory facilities, taking care of the great masses of

pool of three to four limits, with facultative reinsurance facilities for large risks. Or the company may utilize excess loss covers, as, by the way, is still done by some of the older offices. These covers take the place of participating reinsurance contracts. Irrespective of the method used, doubt exists whether the normal requirements of a new large company call for more than three to five limits reinsurance on the general run of risks. As a matter of fact, new companies being exposed to greater pressure for writing ordinary and accommodation risks, the absence of too many reinsurance facilities will give them a useful argument against agents. For good business, no matter how large, ready reinsurers on a facultative basis can always be found.

## Small New Company Has Different Problem

There remains the small new company. Its home office today is mostly



**JAMES GIBBS**  
President, Excess

tion as the head of a very prominent fire company group. He gave me two minutes (all I needed) to explain my proposition, and replied: "This company doesn't need nine limits reinsurance any more than a cat needs nine tails."

For a good while this gave me much food for thought, and to this day it serves as a memento. Here we had a small office but getting big lines. Why should it not have facilities to reinsure it? Certainly it should. The fault lay in the system adopted.

## "Nine Limits" Described and Application Studied

Nine limits first surplus means, as explained, that each amount exceeding the net retention is divided into nine equal parts, and each limit of reinsurance gets one-ninth. From a reinsurer's standpoint this is objectionable because his chances to obtain a full line on any risk (meaning an amount equal to the net retention) is much smaller than if the surplus were divided in say four parts only. A reinsurer's business under such a treaty consists of a great many small cessions (often a few hundred dollars only) as after all the ceding office rarely can get ten times its net line on a risk. Its net line may be \$1,000, and its gross line \$5,000. Then each reinsurance limit gets one-ninth of \$4,000, or about \$440. Once in a while, however, the ceding company obtains ten times its

H. Ernest Feer, secretary of the Guardian Fire of New York, is one of the keenest analysts of reinsurance in this country, his treatise on the system of treaty reinsurance in fire insurance a few years ago winning the Sterling Offices 1925 prize and standing to this day as the most comprehensive and authoritative discussion of the subject on the printed page. Mr. Feer has a broad reinsurance background, having been eminent as a broker prior to entering the home office ranks. In this article he answers the question, "How much reinsurance does a direct fire company need?" which is before every fire underwriter at some time or other in the process of completing his plans of operation. He considers the matter as specifically applied to each class of company, large or small, new or old, grouping them into six definite groups and discussing each separately.

The temptation is: "Well, let us take it and reinsure it." Accommodation and small retention business is never a boon to a company whether retained or reinsured. This of course is a general statement and open to many exceptions, but generally speaking, the profit is on high retention business. A company should have every inducement to keep away from the other.

To return to our company: The solution for its need of reinsurance would more exactly have been a three or four limit first surplus. This would have amply sufficed for the ordinary run of business. Then, to take care of large lines on good risks, let a second surplus of two limits follow, or let the company simply reinsure facultatively in the market. That latter course has the advantage of calling for other business to be obtained in exchange.

## Varying Classes of Companies Shown

If this be a satisfactory arrangement for a company as described (small but well supported) what of other offices? The direct fire insurance companies may roughly be classified as follows:

1. The very large American groups.
2. The foreign admitted offices.
3. The medium sized American companies writing \$2,000,000 to \$6,000,000 in premiums.
4. The well established smaller American companies writing \$500,000 to \$2,000,000 in premiums.
5. The large new companies.
6. The small new companies.

Each class necessarily has its own approach to reinsurance.

The very large group is essentially a self-centered and complete unit. What

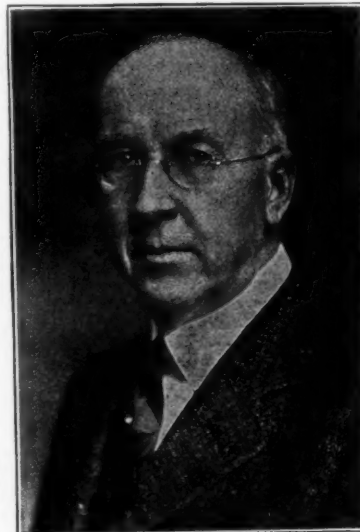
risks, provide for three to four times the net retention only and these are companies writing each several millions in premiums.

## Exchange of Reinsurance Survives in Many Cases

Group 4, the old, well established company with around \$1,000,000 premiums, as often found in the middle west, solves its reinsurance problem somewhat differently. Originally these companies would write in one or two states only. They were removed from the big eastern centers with their reinsurance companies. As and when reinsurance was needed, they would apply to an office similar to theirs in a neighboring city or state. An exchange of reinsurance would result, having the advantage of giving both companies access to a new territory. Although most of these companies have since started to operate directly in many more states than formerly, a great many of the old reciprocal reinsurance arrangements have survived. Some may be twenty to thirty years old. The companies are known by this method to have available facilities for ten or more limits, but a close study again reveals that the treaties used for current needs are seldom for more than three or four limits. It may be added that these reciprocal contracts are rarely obligatory. They generally allow the reinsurer to decline individual risks.

## Large New Company's Case Is Considered

The large new company's need for facilities must of course be gauged by each. If the action taken by the older offices serves as an example, the new company may arrange a first surplus



**RICHARD LORD**  
President, Inter-Ocean Reinsurance

west of the Alleghenies and in the south. When it is the creation of a large general agency firm, which represents large (eastern) companies, the general agent usually places the reinsurance with these large offices. Whether he arranges for a three or a ten limit contract is of little importance. The eastern company will generally look at this reinsurance as a part of the agent's total business, and will underwrite it accordingly. The general agent will hardly be tempted to write larger accommodation lines by reason of having this new company. His proprietary interest in it tends to discourage any loose underwriting practice.

## Small Another Angle of Problem Presented

There is finally the small new company organized by outside financial interests, or by commercial houses, for instance, cotton firms. The manager of the company may own some stock in it, but his position is mainly a salaried one. The company's net line being necessarily low, every tendency exists to obtain reinsurance facilities as large as possible. The ten limit first surplus pool looks to the company as the ideal solution, but this brings our discussion back to the starting point and the simile of the cat with nine tails applies.



# EMPLOYERS REINSURANCE CORPORATION

## CASUALTY REINSURANCE EXCLUSIVELY

Capital	-	-	-	\$1,500,000
Surplus	-	-	-	2,250,000
Assets	-	-	-	7,000,000

### OFFICERS

E. G. TRIMBLE	-	-	President
HOWARD FLAGG	-	-	Vice-President
J. B. ROBERTSON	-	-	Vice-President
STANLEY W. IZARD	-	-	Secretary
EDGAR E. SMITH	-	-	Treasurer

### OFFICES

#### KANSAS CITY

HOME OFFICE

LOS ANGELES  
431 ROOSEVELT BLDG.

CHICAGO  
166 W. JACKSON BLVD.

NEW YORK  
85 JOHN STREET

*Fire Reinsurance*

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**INTERNATIONAL**  
**INSURANCE COMPANY**  
**of New York**

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*Statement as of January 1, 1929*

Premium Reserve . . . . .	\$4,288,986.65	
Reserve for Unpaid Losses . . . . .	797,758.33	
All Other Liabilities . . . . .	400,000.00	
CAPITAL STOCK . . . . .	\$1,000,000.00	
NET SURPLUS . . . . .	<u>3,438,616.15</u>	<u>4,438,616.15</u>
TOTAL ASSETS . . . . .	\$9,925,361.13	
SURPLUS TO POLICYHOLDERS . . . . .	\$4,438,616.15	

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**SUMNER BALLARD**

*President*

80 JOHN STREET, NEW YORK



## *Fire Reinsurance*

# SKANDINAVIA INSURANCE COMPANY

*United States Branch*

### *Statement as of January 1, 1929*

Premium Reserve . . . . .	\$ 984,726.38
Reserve for Unpaid Losses . . . . .	180,739.23
All Other Liabilities . . . . .	60,000.00
NET SURPLUS . . . . .	<u>1,002,131.75</u>
TOTAL ASSETS . . . . .	\$2,227,597.36

**SUMNER BALLARD**

*United States Manager*

80 JOHN STREET, NEW YORK

# The Ethics of Life Reinsurance

*Fine Spirit Between Ceding and Reinsuring Offices Shown by Official of Company Doing Large Reinsurance Business*

By JOHN M. LAIRD

Vice-president Connecticut General Life

Thirty years ago if a company wished to issue more than its retention it offered the excess to a neighboring company. If the neighbor accepted the risk at all, it did so as a favor to the original company and expected that in turn the original company would take over part of its large risks.

In 1903, one or two German companies entered this country for the express purpose of accepting reinsurance. They introduced a new principle, "automatic" coverage. If the original company classified the risk as standard, it had the right to bind the reinsurer for an amount equal to its own retention. In applying the automatic principle, it was generally held that the original company was always right and that the reinsurer must not even ask any question.

## New Problems Have Now Been Encountered

During the World War the German companies discontinued accepting reinsurance. For a few years this country lacked adequate reinsurance outlets.

During the last 10 years, however, sev-

could, strictly speaking, be classified as "automatic." Sometimes they do this out of consideration for the reinsurer, and at other times they like to get the opinion of the reinsuring company.

Any reinsurer which is accepting business from a large number of representative companies has a cross-section of the underwriting standards of the country as a whole. It is in a position to know from first-hand information that one company is liberal on, say, overweights, and another is strict on, say,

An exchange of views is helpful to both parties and frequently saves both companies an unnecessary loss.

The reinsuring company occasionally receives confidential information which must be handled with the utmost discretion. It usually has advance notice in regard to dividend schedules, new policies, and commission changes. It invariably knows what men are in the market for a large line of insurance and what action the various companies have taken. It is in a position to make up an

Recognition of the reinsurance treaty as a "gentlemen's agreement" is given by John M. Laird, vice-president and actuary of the Connecticut General Life, as the keystone in the ethics of life reinsurance. Mr. Laird points out in this article that the solution for satisfactory operations is for both parties to the contract to interpret it in this spirit of good faith and fair play. Mr. Laird is known to all life underwriters and has been one of the most active in analytical and research work in connection with basic studies and the promulgation of new ideas. He was one of the group which recently drew up the new standard disability code and has participated in countless other important life insurance studies.

heart impairments. In this respect, it is almost as well informed as the up-to-date broker!

## Basis for Measuring Underwriter's Soundness

Gradually more and more original companies are taking advantage of the information in the hands of the reinsurer. Frequently a client asks the reinsurer how his company's underwriting compares with that of other companies.

"insurance survey" even before the Retail Credit Company.

## Spirit of Confidence and Cooperation Credit

The spirit of confidence and cooperation shown by both companies in handling these various confidential relations is a distinct credit to the life insurance business.

The master contract between the two companies cover in detail all the princi-

pal questions but from time to time new situations arise not specifically covered. It is these unusual situations which test the calibre of the men in the original companies and in the reinsurers. Usually where there is a difference of opinion a satisfactory solution is found by a friendly exchange of views between the two companies. Occasionally the question is referred to one or three arbitrators and the dispute is settled, not according to law but according to a "gentlemen's agreement." A few examples will illustrate the spirit in which these unforeseen problems are handled.

## Several Cases Cited To Show Good Spirit

A few months ago a reinsurer paid \$10,000, although its policy had been cancelled by the original company four years before death occurred.

On the other hand, a client recently cancelled \$55,000 of reinsurance on an undesirable risk, although technically it could have left most of this in force and thereby reduced its own liability.

A few years ago the reinsurer sent a check to another company for the amount claimed but pointed out that a smaller amount would be more in keeping with the spirit of the agreement. The original company promptly said that the reinsurer's position was right and forwarded a check for the difference.

Under "coinsurance" the reinsurer guarantees the original company's contract, including premiums, commissions, and dividends. In one case the original company is today paying an "extra" dividend due to unexpected profits which it received but which the reinsurer did not share. Technically it could collect this "extra" dividend from the reinsurers but it voluntarily agreed to collect only the regular dividend.

## Treaty Is Regarded As "Gentlemen's Agreement"

A few weeks ago the agent of one company wrote an application for \$10,000 with a "binding receipt," which put the insurance immediately in force provided the risk was acceptable at the date of the application. As the company already held its full limit of retention on this life, the \$10,000 had to be submitted "facultatively" to reinsurers. Before the original company had a chance to send even a preliminary notice to the reinsuring companies, it heard that the applicant had been accidentally killed. It forthwith transmitted all papers and information to the reinsuring companies. Technically they were free to accept or reject the risk and they knew that the man was already dead, but both companies immediately took the position that they must back up the original company. Each reinsurer approved the risk and paid its share as a death loss.

Practically all reinsurance contracts now in force in this country are based on mutual understanding and good will. Both the original company and the reinsurer recognize that, in the long run, their interests go hand in hand. The original company is interested in seeing that the reinsurer makes a profit commensurate with the service rendered. On the other hand, the reinsurer must give complete coverage to the original company under all conditions. Both companies must look upon the treaty as a "gentlemen's agreement" to be interpreted in the spirit of good faith and fair play.

## Largest in the World

The National Underwriter Publishing Company is the largest insurance publishing house in the world. Besides its two weekly newspapers, it publishes valuable educational and sales aids.



JOHN M. LAIRD

Vice-President, Connecticut General Life

eral companies have been openly bidding for reinsurance. Liberal contracts have been made and the limits of automatic acceptance have been extended.

For several years the general mortality on insurance lives was favorable and naturally companies thought that by accepting reinsurance they would increase their profits.

In the last year or two, the situation has again changed. The mortality on policies large enough to be reinsured has been distinctly higher and both the original company and the reinsurer have lost money on this business. This has led various companies to consider what changes, if any, should be made in handling large risks.

## Reinsurer Has Broad View of Conditions

Under "automatic" cases the reinsurer must accept the verdict of the original company. Under "facultative" business it may accept, rate up, or reject according to its own underwriting judgment. Usually the treaty stipulates that certain business must be ceded "automatically" and the remainder may be offered "facultatively." Some companies apply this contractual provision rigidly. If they have the right to bind the reinsurer, they invariably exercise this automatic privilege. Other companies offer "facultatively" a large number of cases which

Disability insurance, as written by life companies in conjunction with the life policy, is probably the most important phase of life underwriting today, causing more puzzlement and pointing to more uncertain tendencies than any other single item in the business. But this is not of equal importance to the life reinsurance office, as it has not yet developed as an important side-line from a reinsurance angle. Proportionately there is very little disability reinsurance written today for life companies. Some is written, in fact a sizeable total goes on the books of some reinsurance offices, but in the aggregate it is not an appreciable factor for reinsurance as yet.

## Future Cannot Now Be Measured

Its future cannot be measured today. It may grow in importance—or it may, under the stabilizing force of standardization, vanish as an item for reinsurance. On the other hand, the very factor that may point to stability and thus total retention by the direct office, standardization, may point to a growth of reinsurance by reason of making such more simple of accomplishment. Today, with every company operating on a different basis insofar as its disability clause is concerned, it is difficult to entertain a reinsurance proposition, as most offices can measure this clause only in its individual relationship. When all clauses are on the same basis and rates are more nearly standardized, as is now imminent, reinsurers may readily take on disability on somewhat of a stan-

dard basis. This is a possibility which may or may not materialize during the next year and years.

## Two Views as to Need for Reinsurance

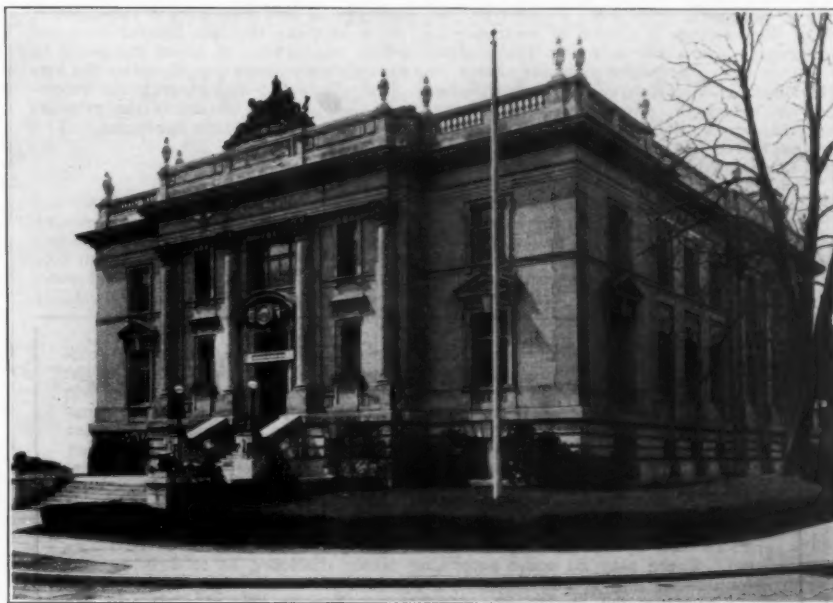
The need for reinsurance on disability coverage is questioned by many, though others believe there is a hazard that might well be shared, just as the life hazard is shared by most offices. Some say that, if reasonable limits are maintained, there is no reason why a direct office cannot undertake the disability coverage in its entirety, as it is a better measured hazard than is life insurance. On the other hand, the disastrous experience in recent years under this clause, and the possibility of large losses extended over many years make many turn to the belief that this is a coverage that should lend itself very readily to reinsurance.

The problems in connection with disability would be no different with the reinsurer than with the direct office. This is a business that would reflect itself the same in either office and thus is not a distinctly reinsurance problem, as is big risk underwriting. It is, as a matter of fact, only seen as a reinsurance problem when allied with that chief reinsurance problem, big risk underwriting, for there it is presented in precisely the same surroundings. Beyond that, it is a current underwriting problem the same as is met in any direct office and as such will shortly be more scientifically handled, if the standardization efforts the country over come to fruition.



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# Some Legal Phases of Reinsurance

*Brief Summary of a Few Technicalities of Law to Be Met With in Ceding of Insurance Business in This Country*

By **T. B. McDERMOTT**

Secretary, *Rossia*

Reinsurance is a quite indispensable part of the business of insurance under its modern development and of the various modes and plans in general use the two main subdivisions are, of course, treaty reinsurance with a reinsurance company and reinsurance of individual surplus lines or particular risks.

The writer is, of course, prejudiced in favor of treaty reinsurance with a reinsurance company and may be forgiven, therefore, for suggesting that the ramifications and intricacies of reinsurance contracts which have received the scrutiny of the courts have been, for the most part, those contracts which were reinsurances of particular or individual risks rather than the "treaty contract." This suggestion is not the unqualified "puff" of treaty reinsurance which it at first appears, because there would normally be many, many less treaties finding themselves before a court for adjudication and interpretation than there would of the special reinsurance contracts.

## Treaties Founded on Honorable Undertaking

The reason for this, of course, is not difficult to understand. Reinsurance company treaties are founded on an "honorable undertaking" basis and provide, as a rule, that the reinsuring company "follows the fortunes" of the reinsured company. In addition an arbitration clause is invariably a part of the treaty and these three factors have been able to solve almost all of the differences of opinion which have developed in the long established practice of treaty reinsurance.

However, the "honorable engagement" basis, the "follow the fortunes" provision and the arbitration clause have not always contained the magic to keep these contracts out of the courts; that would be expecting too much. It is unquestionably true, however, that the courts in interpreting reinsurance contracts and in deciding cases involving reinsurance, either principally or secondarily, have not found it necessary to invoke legal principles differing from those found in ordinary contracts nor differing from those found in insurance contracts generally.

Reinsurance, and particularly treaty reinsurance, has all the outward appearance of a partnership. In its legal aspects, however, the reinsurance contract

is not a partnership. Reinsurance contracts have occasionally been held to be contracts of surety also, but are not of that class either, nor are they contracts of guaranty.

Reinsurance is a form of insurance sui generis and there is a very real distinction between reinsurance and direct insurance. Reinsurance may be defined as an insurance effected by an insurer against the liability previously assumed on a risk. It is a contract of indemnity against liability as distinguished from a contract of indemnity against damage. Under a contract of reinsurance the original insurer secures a total or partial indemnity against the liability assumed on one or more of the hazards originally covered. The reinsurance contract is entirely distinct from the original insur-

the original insurance and the reinsurer is not liable to the insurer if the insurer is not liable to the original assured. The terms of the reinsurance contract will determine if the reinsurer is liable, as it often happens that the insurer does not effect reinsurance of all of the perils of the original insurance, and unless the loss occurs against which reinsurance indemnity is obtained, obviously the reinsurance doesn't come into operation.

## Situation of Mutual Reinsuring Business

It is interesting to note that a mutual company reinsuring in another company organized under the same law and doing business on the same plan has been held to become a member of the reinsurer company and subject to pro rata liability

This is a discussion which every direct writing office and every reinsurance office could profitably read, dealing as it does with some of the legal phases of reinsurance. It is not a detailed, technical discussion, but a simple, concise presentation of some of the important legal problems encountered in connection with the ceding of insurance business. As most reinsurers know their own legal needs, it is of special interest to the direct office, where reinsurance is often a somewhat mystifying essential, the details of which must be confided to specialists and thus not even the legal responsibility of the two parties to the contract is known. T. B. McDermott, secretary of the *Rossia*, briefly sums up some of the basic considerations and opens the way to further study on the part of those interested. There may be some surprising truths disclosed as to liability and responsibility and Mr. McDermott presents them in an interesting manner. He represents the largest fire reinsurance office in this country and has given much time to the study of the legal technicalities of his business.

ance contract and there is no privity between the original assured and the reinsurer. An exception to this last rule must be noted in those cases where the intention of the parties to a reinsurance contract is otherwise and where the reinsurance contract is made for the benefit of the reinsured's policyholders. As the reinsurance contract is one of indemnity it follows that it cannot cover a greater risk than that covered by the original insurance, because the insurer cannot procure indemnity against a risk which it has not assumed.

## Weight of Authority Waives Need of Writing

It has been held that a reinsurance contract is not within the statute of frauds and is not an undertaking to pay the debts of another and thus need not be in writing. The weight of authority holds this view. However, there are a few cases which hold that reinsurance contracts are promises to answer for the debts of another and so are within the statute of frauds, but it would appear that this minority holding could not reach this conclusion if the "indemnity against liability" feature of the contract were kept in mind.

The general principle that there must be an insurable interest in the party procuring the insurance in order to make valid a contract of insurance is equally applicable to the contract of reinsurance. The interest which the insurer has in the preservation of the property or thing insured constitutes an insurable interest and is sufficient to support a contract of reinsurance. The insurable interest which the insurer has need not exist at the time of the making of the contract of reinsurance, if the intention of the parties so appears, but it must exist during the risk and at the time of loss. In the case of life reinsurance it appears that the insurable interest need not exist at the date of death.

One of the fast rules governing reinsurance contracts is that the reinsurer is not liable for an amount in excess of

for assessments to pay losses while the reinsurance contract was in force.

A great deal of attention has been directed to the situation which occurs when the insurer has become insolvent. The question arises—What amount must the reinsurer pay the insurer; must the reinsurer pay the full amount of the loss or only such amount as the insurer has settled for?

There is no question about the decisions of the courts on this point. They have almost invariably held that the reinsurer must pay to the full amount of the reinsurance and this reasoning is based on the view that the measure of the reinsurer's liability is not determined by the amount which the insurer has paid on the loss but by the amount which the reinsurer was bound under its contract to pay upon the happening of the loss.

It would seem to be agreeable to the principles of indemnity if, in such an event, the reinsurer should receive the benefit of any compromise which an insolvent insurer were to effect with the assured, but the weight of authority, as stated, is otherwise. While the question is settled for the time being by the courts there is not the same unanimity of opinion among writers on the subject. The disinclination to accept the present viewpoint of the courts is based on the theory that indemnification and not profit should be the measure of recourse against the reinsurer. This theory seems founded on a substantial premise and it is not unlikely that, given a proper case, a new rule may be promulgated on this point.

## Contract Invalidated by Fraud or Mistake

A contract of reinsurance, like other contracts, may be invalidated by fraud or mistake. Likewise fraudulent misrepresentation as to the nature of the risk may void the contract of reinsurance. It is the duty of the insurer to make a full disclosure of all the facts material to the risk and a failure to do so will operate

as in the case of the failure of the original assured to disclose all material facts to the insurer.

It has been repeatedly held that the law of abandonment does not apply between reinsurer and reinsured on a contract of marine reinsurance. In other words, the reinsurer is not liable to the insurer for a total loss for what might have been a constructive total loss had the original assured abandoned to the insurer. Thus where the original assured has abandoned to the insurer and claimed a total loss, the insurer cannot claim a total loss from the reinsurer if the loss was constructively not total, but must give the reinsurer whatever credit accrued from the realization of salvage.

## Subrogation Rights Same as for Insurer

The reinsurer is entitled to be subrogated to whatever rights the insurer has, on payment of a loss in the same manner as the insurer is entitled to be subrogated to the rights of the assured. Similarly where there are two or more reinsurers on the same risk and one pays the loss, that one may call on the other reinsurer for contribution.

As compared to insurance contracts generally reinsurance contracts are very much less frequently the subject of court actions. Some day we may arrive at the phenomenal period when reinsurance contracts will no longer find their way into court, but until that time the foregoing principles, we believe, will govern.

## Carl Schreiner a Veteran in the Reinsurance Ranks

Carl F. Schreiner, president of the Pilot Fire Reinsurance and one of the veterans among the reinsurance ranks, has been the leader in the movement to stabilize tornado reinsurance. For a long time he strenuously campaigned for the creation of a tornado reinsurance pool, though unable to secure sufficient support to carry it through. He is a student of that branch of the business and his own experience, joined with the composite American experience which he gathered from the other companies, pointed to the need for some concerted action to put that branch of the business on a sound basis—and he still holds that view. Mr. Schreiner has seen reinsurance grow from its very infancy, having been engaged in it since 1880, practically 50 years. He started with Munich Reinsurance in Germany and came to this country when the international expansion was undertaken in the '90s, becoming United States manager in 1898.

## Wemple Brothers Are Reinsurance Pioneers

The brothers Wemple are among the pioneers of American reinsurance. They were the first Americans to engage in this new business and among the first in America. In 1898 the two, Horace and William Y., started in the fire reinsurance business with American branches of foreign offices which were opened and the two have since been continuously in the business. Horace Wemple is now president of the Reinsurance of America and allied companies and William Y. Wemple is president of the North Star and allied companies.

## Gives Legal Side



**T. B. McDERMOTT**  
Secretary *Rossia*



**THE AMERICAN CENTRAL LIFE INSURANCE COMPANY  
HAS RENDERED REINSURANCE SERVICE  
FOR TWENTY-SIX YEARS**

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**STANDARD—SUBSTANDARD—JUVENILE  
DISABILITY—DOUBLE INDEMNITY**

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# Big Policies in Life Underwriting

*Discussion of This Foremost Problem of the Day by  
the Chief of the Largest Life Reinsurance Company*

By **LAWRENCE M. CATHLES**  
President North American Reassurance

Big policies have been under suspicion for a long time. Many years ago it became quite plain that the rate of mortality according to lives might be different from the rate of mortality according to policies or amounts of insurance and specific investigations were made from time to time in an effort to determine definitely what the difference was between the death rate amongst large policyholders and the death rate amongst persons who insured for only average amounts. Unquestionably the weight of the evidence brought out by these various investigations indicated that the death rate amongst the large insurers was heavier than the average but there still seems to be considerable doubt as to what this difference actually is.

## Size Is Not Basic Factor in Hazard

Personally I do not believe that it is any more correct to say that just because a man applies for a very large policy he is a bad risk, than it is to say that every individual who applies for a policy of average amount is an average risk. It is hard for me to believe that just because a man is very wealthy and applies for a large policy he is any worse risk than the average man who for one reason or another begins to realize that he has responsibilities which should be more adequately protected by life insurance.

There are unquestionably perfectly good reasons in many cases for the large insurances which have been effected during the past ten years or so. Originally the reasons undoubtedly were the protection of lenders upon life interests and upon expectancies whose security disappeared in the event of the borrowers' death before the death of other persons or the expiry of a limited period.

## Is Field of Very Large Development

The position changed with increasing taxes and the imposition of heavy death duties; the need for protection of an estate the holder of which was engaged in active business and perhaps in speculative development requiring his personal guidance over a long period of years; provision for paying out the interest of a deceased partner and preventing the liquidation of a successful business; protection of current liabilities of a more or less temporary nature taken care of perhaps by large floating indebtedness at the banks. Situations of this kind as business grew larger and more important became a frequent and entirely justifiable reason for large amounts of life insurance on the more important and wealthy members of the community.

The life insurance companies themselves, recognizing this new field of legitimate development, were not slow to take advantage of the opportunity it presented and it is quite possible that some of the dangers of such large insurances were completely overlooked in their zeal in getting what they considered their fair share of this kind of business. Of course big commissions had something to do with the large increase in the numbers of big policies.

## Same Rules Applied to the Big Risks

The companies almost universally applied the same rules of medical selection to these large policies as they had developed for the average applicant, reasoning no doubt that one man physically was much the same as another whether he was possessed of great wealth or only moderate means and overlooking the fact which is now becoming so plain that as the amount of insurance applied for in-

creases certain influences increase more than proportionately in importance. The numerical system of rating is not so reliable a guide for big policies. It should still be used for the basic physical rating but is not entitled to the same weight in the final assessment of the risk when the amount involved is very large.

## Moral Hazard Is of First Importance

It is perhaps true that the ordinary physical examination as conducted by a well-organized medical department is just as effective in 99 percent of the cases of large policies as it is for the

undoubtedly brings large temptations. Even the liquor question assumes a new importance; the question of its deleterious effect upon the system being overshadowed by the greatly increased risk of fatal accidents while under its influence.

The speculative hazard, of course, is one which peculiarly attaches itself to the large policy. The old axiom that every man has an insurable interest in his own life requires some amplification when large amounts are involved and it becomes necessary to make some attempt to determine the extent of this insurable interest. The old idea that any

No question has puzzled the American life underwriter the past year or two more than that of big policy underwriting and no less has the life reinsurer been perturbed over this. It came into full recognition during the past year as the chief problem before the life insurance business. It has been the subject of conferences by actuaries, medical men, underwriters and all concerned with sound underwriting. It has naturally been a problem of first importance to the reinsurer as his business comes largely from the excess above company retention limits and thus very largely from the big policies. One of the foremost students of this problem has been Lawrence M. Cathles, president of the North American Reassurance and a past president of the American Institute of Actuaries. Mr. Cathles has spoken widely on this subject. He here presents a summary of the situation as it particularly applies to the reinsurance man, though it is of equal value to anyone connected with the life insurance business. The emphatic views given by Mr. Cathles are of keen interest, both pointing to probable future tendencies and suggesting profitable future activities.



LAWRENCE M. CATHLES  
President North American Reassurance

average risks. Although we do have strong suspicions that where large sums are involved preliminary examinations and intelligent preparation of the subject for examination are sometimes successful and that often a more lenient view will be taken even of physical impairments when a large and important agency has a big commission interest in the acceptance of the risk.

What is loosely called the moral hazard becomes exceedingly important in large cases. There is unquestionably greater temptation to conceal important information bearing on the risk if not actually to misrepresent the facts or mislead the examiner. Recognition by the insured that in the event of possible depression or an unfavorable outcome to a speculative enterprise self-destruction will protect families, friends and business associates against heavy financial losses is another factor which must not be overlooked in the large risk. Suicides soon after the expiration of the contestable period have resulted in serious losses to life insurance companies.

## Personal Habits Are Significant

The question of personal habits and mode of living assumes a new and more vital significance. The financial ability to indulge in dissipations of all kinds

man was entitled to just as much life insurance as he was willing to pay for has of late years proved an expensive theory to the insurance companies, and many underwriters must today blush with shame when they realize how recklessly they gambled with their companies' funds by applying antiquated rules to modern conditions.

## Insurable Limits An Important Question

I am convinced that the average man feels that he is fully insured when he has life insurance equal to three times his average earned income. It is quite possible that circumstances often exist making five times a man's earned income a reasonable amount of life insurance for him to carry. Let us be very liberal and say that seven times the annual earned income is not a prohibitive amount at the younger ages and does not indicate some special knowledge not shared by the insurer which makes the investment of a large percentage of the applicant's income very attractive from his own private and particular point of view. What can we say of the underwriters who only a few years ago cheerfully granted insurance of 70 times the highest earned income ever reported for an applicant who within two years "accidentally" fell down an elevator shaft

at a cost of over two million dollars to various life insurance companies? It is quite extraordinary how often suicide takes place more than one year and less than three years after the insurance is effected. The confidence felt by life companies that no sane person would determine on suicide and preserve an effective purpose of self-destruction for more than twelve months has not been justified by the facts and the legislators showed better judgment in allowing a two year period although I personally believe that five years is not an unreasonable period within which to permit life insurance companies to contest unjust claims.

## Speculative Hazard Regarded as Uninsurable

In my own humble opinion the existence of speculative hazard in any risk whether large or small makes it totally uninsurable. I am tempted to go even further and to say that if speculative hazard exists the insurance would be against public policy. It may seem paradoxical to add that where speculative hazard exists because of the amount applied for exceeding the possible financial loss to the beneficiary the issuance by any individual company of a less amount than that applied for will not make the risk any better. But that is my own personal belief.

Business insurance is just as much subject to the speculative hazard as personal insurance. It is a little more difficult to estimate the financial value of a business man to his stockholders, or associates, or to his private business partners, but it is just as dangerous to provide these beneficiaries with more than a partial indemnity of their demonstrable losses as it is to issue too large a policy when the insurance premiums are payable out of the personal funds of the insured.

## Questions Extent of Present Worth

Is it reasonable to assume as is so often done that a man's business associates are entitled to insure the present value of all the profits which the applicant could make for them during the rest of his natural life? It seems to me that this point of view is based upon two assumptions which are not justified by the facts. The first assumption is that these estimated future profits are entirely dependent upon the continued existence of the applicant.

Unless the business involved is well established and successful the insurance of course should not be considered at all, and if it is well established and successful it is exceedingly difficult for me to believe that any member of its management is indispensable. I am willing to admit that there may be some loss and shock to the business in the event of the death of any of its principal executives, but I am not prepared to believe that there is any well organized modern business which cannot more or less completely recover within five years after the death of its most important executive.

The other assumption which I believe is an error is that even if the applicant continued to live he would necessarily continue his connection with the business and that the business itself would necessarily continue unchanged.

## Great Care Needed on Big Applications

An application for more than five times the salary of any business executive in favor of his business associates should be scrutinized with great care. Life insurance can no more replace a

(CONTINUED ON PAGE 24)



# REINSURANCE

## Reinsurance Company Salamandra

of Copenhagen, Denmark

JUNE 30, 1929

Assets .....	\$5,282,524.14
Reserves & Liabilities.....	\$3,638,628.38
SURPLUS .....	1,643,895.76
	<hr/>
	\$5,282,524.14



## North Star Insurance Company

of New York

JUNE 30, 1929

Assets .....	\$4,197,159.26
Reserves & Liabilities.....	\$2,142,737.79
Capital .....	400,000.00
SURPLUS .....	1,654,421.47
	<hr/>
	\$4,197,159.26



## Hamburg-American Insurance Co.

of New York

JUNE 30, 1929

Assets .....	\$3,045,060.59
Reserves & Liabilities.....	\$1,379,152.24
Capital .....	300,000.00
SURPLUS .....	1,365,908.35
	<hr/>
	\$3,045,060.59

## Meinel & Wemple, Inc.

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## Present Day Reinsurance In America

(CONTINUED FROM PAGE 2)

Some of the reinsurance companies have stepped up the side-line premium total to nearly 25 percent of their total premium income. Motor vehicle and tornado in particular have grown to sizeable departments in the reinsurance office and several other classes of business produce an attractive income. In the past, the direct companies have not been prone to distribute much of this side-line business, as these coverages have been their profit producers and they did not care to share the income. Recent years, however, have seen even these lines turn into loss producers in certain years in certain offices, with the result that a very decided "reinsurable interest" has developed all along the line. The tornado experience of the past decade in particular has been of note, that line always having been regarded as a profit producer, though the tables turned a few years ago and several catastrophe years in a row have made many companies wary. Some talk of a reinsurance pool for tornado business was heard a year ago, but that failed to materialize and the companies are still disturbed as the distribution of this hazard, with reinsurance entering as a valued safety valve.

### Casualty Lines Show Rapid Growth

Casualty reinsurance, of more recent creation and less intensively developed, has not entered upon as thoroughly competitive a period as yet. There are fewer reinsurance companies in the casualty ranks, only seven compared with 28 fire reinsurance companies, but they have managed to attract into their offices as great a percentage of gross business as have the fire reinsurers. In fact, though no accurate figure is now available it is intimated that about 25 percent of the

total reinsurance business of casualty and surety lines goes into strictly reinsurance companies. And the total amount reinsured is estimated today at over 10 percent of gross business or not far below \$100,000,000. The striking growth of this business is seen in the figures recently compiled by W. W. Greene of the General Reinsurance on 1915 and 1925 results, showing the advances in the post-war decade. In 1915, the reinsurance total was estimated at \$5,000,000 or 3.5 percent of gross business. In 1925 it had increased to \$50,000,000 or 8.3 percent of gross, an advance of 800 percent. It is believed the reinsurance premiums today are somewhat better than 10 percent of gross premiums—and the volume is growing annually. Need for spreading the large risks underwritten is apparent. Such lines as fidelity and surety have trebled in importance as to reinsurance, accident and health has doubled, liability lines have trebled, engine and steam boiler has increased tenfold. And this is but a start, for policy limits are constantly increasing as casualty insurance develops and concentration of risks is rapidly growing, so that the aid of reinsurance for spread is more important.

### Life Insurance Growth Is Most Prodigious

The most recent member of the reinsurance family, that of life reinsurance, has had perhaps the most phenomenal growth and faces perhaps the greatest future—though at present it is in the throes of a tremendous competitive force. It is in this field that one of the new offices launched last year by a group of imminent reinsurers found it impracticable to continue the effort and decided just last month upon liquidation.

And those in this field recognize that it is no place for weak hearts. Its growth has been so remarkable that it may be constantly at the current saturation point—though that is constantly pushed ahead and far ahead each time. Suffice it to say that annual premiums of nearly \$45,000,000, representing nearly \$900,000,000 of business, with a total in force not far below \$2,000,000,000, compare favorably with a report ten years ago of less than \$1,000,000 in premiums for less than \$50,000,000 of business and a total in force of not much over \$50,000,000. Life reinsurance is almost entirely a product of post-war underwriting and it has found its stride only in the past half decade—the big years of jumbo business.

### Large Risk Underwriting Most Important Problem

Large risk underwriting is naturally the focal point of reinsurance and it is here that the great hazard is found. The big risk, as all readers of the insurance press now know, has developed into the greatest single problem before the life underwriter. With a distinctly higher mortality rate, it has cut heavily into the treasuries and particularly so of the reinsurance offices, as they would naturally feel these big risk losses chiefly. That it is largely an underwriting problem and can be largely eliminated by care in selection of risks is now generally believed and thus the reinsurers as well as the direct underwriters are concentrating every effort on the cure of this problem.

### Big Policies, in Infancy, Point to Growth

This factor will have to be closely watched in the future, however, for in view of the new basis of life underwriting, it stands as a constantly imminent hazard which a temporary laxity can permit to blaze forth again. Large risk underwriting has come to stay in the United States and the tremendous force of business insurance which is putting

billions on the books annually in units of from \$100,000 to \$7,000,000 promises much in this direction.

### Many Now In Life Reinsurance Field

At present, there are but two strictly life reinsurance companies, but there are about 12 active reinsurers among the direct companies, each doing a very sizeable business in their specialized departments, five of them having individually an annual business in excess of the total life reinsurance in America a decade ago. In addition, 20 other direct companies have reinsurance departments, though not actively engaged in the business. And there are a score of others that have opened reinsurance departments—or rather, that have decided to accept reinsurance, though not as yet having put their plans into effect. It can readily be seen that not many companies are blind to the opportunities in this direction, but it can also be warned that too excessive competition is to be avoided, if an orderly development of this vast field is to be made. The movement is given great momentum by the constant increase in retention limits on the part of all companies, the past two or three years having seen these limits trebled and quadrupled, with one company now writing a single line of \$1,000,000. This all leads to reinsurance development, which promises much for the future in the field of life insurance.

### Lack of Organization Is Surprising Today

Throughout a consideration of this subject, it becomes increasingly apparent that reinsurance is one of the major institutions in the insurance world—and its future is towards greater importance rather than less. In view of this, it is to be wondered that there has not been a movement for orderly development through cooperation, such as each of the component members of the great insurance family has found worthy of utilizing.

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# Accounting and Statistical Aspects

## Procedure in Casualty and Bonding Reinsurance Is Closely Studied Under All Form of Contracts

By F. S. PERRYMAN  
Actuary Royal Indemnity

In giving the details of reinsurance arrangements I will first of all deal with the question of premiums. As regards facultative reinsurance, this is naturally usually dealt with on an individual basis. The originating company sends the reinsuring company all the necessary particulars of the risk and the reinsuring company treats the transaction in a manner very similar to that in which it treats its ordinary business received from agents. Both the ceding company and the receiving company will keep a bookkeeping account in respect of the reinsurance, the account of the receiving company being that of premiums due it and the account of the ceding company being that of the premiums which it owes. From time to time the reinsuring company will bill the ceding company for the premiums due it.

### Generally Adopted Plan Is Described

To come now to treaty reinsurance, it would be much too much work to report and bill each item individually consequently methods of reporting in bulk have been evolved with the idea of reducing to a minimum the amount of work which has to be done by the underwriting and accounting departments of both the ceding and receiving companies. The most general prevailing practice is to report the risks ceded on "bordereaux." A bordereaux is a sheet upon which provision is made for the reporting of a number of separate risks, one line being sufficient to give the particulars of each individual "cession." A bordereaux may thus give the details of 20, 30 or 40 different items. In order to facilitate handling, separate sheets are usually used for different classes of business. It is customary for the bordereaux to be transmitted on a monthly basis, that is to say for all the bordereaux relating to a month's cessions to be filed with the reinsuring company on or before a given date in the next month. In many cases, however, particularly if the cessions are numerous the bordereaux are transmitted more frequently, perhaps weekly. The bordereaux shows enough information for the reinsuring company to be able to make out its necessary accounting and statistical records and it will also include any other information which may be required so that the reinsuring company can see that the cessions come in the terms of the treaty.

### Monthly Summary Sent by Ceding Office

As of the end of each month the ceding company sends the reinsuring company a summary of the bordereaux for the month, showing the total amount of premiums ceded and the commissions deductible therefrom. This summary is called an "account current" and forms the basis for the payment of premiums. The bordereaux are recapitulated on the account current separately for each class of business and the commissions are figured upon the net premium shown for each class. Care is taken to have separate series of bordereaux not only for each line of business such a fidelity but also for each sub-division of the line which bears separate commission rates (thus a commission of 35% might be allowed upon ordinary fidelity business and 20% on bankers' blanket bonds).

### Loss Handling Is Important to Both

We now come to the handling of losses. While under most reinsurance agreements the ceding company has the responsibility and the right to settle all losses without interference from the re-

insuring company yet it is desirable from all points of view that the reinsurer be kept informed of the facts bearing upon the extent of its liability for losses both in connection with actual claims and potential ones.

When the claim is settled or when payments are made the reinsuring company is billed for its share for the loss of the payment. These bills are often paid individually as they arise but sometimes, if the volume of reinsurance is large, monthly settlements are made in the same way as for premiums.

In respect of treaty reinsurance the

next payment of premiums by the ceding company.

Now a few words as to the records kept by the ceding and the receiving company. Taking first the records of the ceding company the application (or daily or file or whatever the papers in the home office may be called that give particulars of a risk) must be clearly marked to show all reinsurance placed in respect of that particular risk. For this purpose a reinsurance work sheet is often attached to the file or application. This shows the amount ceded to each reinsuring company, reinsurance

While underwriting looms as the chief consideration of reinsurance, some of the office details are of great importance and deserve the attention of everyone connected with the business. Such an item is the accounting side of the business, for it is there that many difficulties can arise, and, if undetected, can cause no little trouble. F. S. Perryman has summed up the accounting and statistical aspects of casualty and bonding reinsurance in this article. Mr. Perryman is actuary and assistant secretary of the Royal Indemnity and has made a special study of reinsurance accounting. He is well qualified to speak on this subject and has some decided views as to the proper order of things. In this article he summarizes the routine of a reinsurance office from the accounting or statistical viewpoint and points to certain methods of operation of special value. It will be of even greater interest to those not connected with the accounting department, for it suggests details that general office routine could well guide and at the same time find of profit.



F. S. PERRYMAN  
Actuary and Assistant Secretary Royal Indemnity

usual thing is for the ceding company to send to the reinsurance company as soon as any claim arises what is called a preliminary loss advice. This is a form giving all particulars of the claim including the amount of reserve which the reinsurance company should set up for the claim. Changes in reserve and other facts regarding the developments of the claim are sent on the same or similar forms. When a payment is made or the case is finally closed similar advices are sent; the forms for these are usually known as final loss advices and show the reinsurer's proportion of the payment. In respect of any salvage or loss refunds secured on claims other forms known as salvage or loss credit advices are sent showing the reinsurer's proportion of the credit. All these forms show particulars of the cession under which the claim is made including of course the cession number and they also show the essential particulars of the claim such as the date of loss, amount claimed, etc. At the end of the month a recapitulation is sent to the reinsurance company setting out the loss advices sent during the month which involve payments, in other words showing the total of the reinsurer's proportion of losses as given on the final loss advices less the total of the reinsurer's credits as given on the salvage or loss credit advices. The net total of this recapitulation is deducted from the

premium, date of reinsurance, etc. In case of treaty reinsurance the cession number is given. If the reinsurance is facultative the reinsurance agreement, certificate or policy received from the reinsuring company as evidence of the reinsurance is attached to the application or file. Care must be taken when putting the business on the books to make sure that all reinsurance whether treaty or facultative has been properly attended to and entered on the books; that the necessary bordereaux entries have been made or the necessary entries have been made on the reinsurance ledger account. In most companies copies of reinsurance bordereaux serve the accounting department for bookkeeping and payment purposes. In the case of facultative reinsurance, there is prepared an abstract or card, similar to the ordinary accounting department's abstract or collection card which is used for bookkeeping purposes. By bookkeeping purposes I mean not only payment of the premium, but also calculation of premium reserves, records of premiums for taxation, and all statistical records.

### Procedure on Loss Cases Is Shown

When a loss occurs the application is of course consulted and one of the things looked for is to see what, if any, reinsurance is on the risk. If the re-

insurance is concurrent the reinsuring company is involved in every loss and must be advised of every claim but if the reinsurance is excess the reinsuring company is involved only if the loss exceeds a certain amount and advised only if and when it appears likely that the loss will exceed that amount. In any case full particulars of the reinsurance are entered upon the claim files and cards (except that in the case of excess reinsurance upon lines such as liability where the reinsurance is usually definitely determined by the limits of the policy, the reinsurance particulars are not usually entered upon the claim unless a large one; as it would be unnecessary work to note upon the file for a claim of say \$100 that all losses over say \$20,000 are reinsured). The reserve set up by the company in respect of reinsured claims will take the reinsurance into account, there being two practices, one to show the gross estimate on the case with a note of the reinsurer's portion and the other to show the company's net liability again with a note of the reinsurer's estimated liability.

### Usual Procedure

#### When Payment Is Made

When a payment is made on the claim the usual thing is to bill the reinsuring company for its proportion of the payment and at the same time to make an entry on the claim file and claim cards as though the actual money had been received from the reinsuring company, the accounting department being advised of the amount due so that this can be carried as an asset on the books of the company until the actual cash is received. Another way is to bill the reinsuring company and not make any entries until the money is paid, but the first method is preferable because under it the loss account reflects more accurately the true state of affairs and also because it makes it easier to insure that all collections are made from the reinsuring companies. For instance, if a \$20,000 loss were paid and the reinsuring company were billed for \$15,000 and no entry were made on the books of the company, the loss account would show \$20,000 as paid until the \$15,000 were received from the reinsuring company, when the loss account would be reduced to \$5,000. On the other hand, under the first method indicated above as soon as the \$20,000 were paid credit would be taken in the loss account for the \$15,000 so that the account "losses paid" would show the correct amount \$5,000 as from the date of payment. It is not likely that any company would neglect to follow up for collection the \$15,000 mentioned in the above instance but smaller amounts might be likely to be overlooked, if there was no record of them other than in the claim file.

### Recovery Vouchers Used by Most Companies

Most companies use a system of "reinsurance recovery vouchers" under which as soon as a loss payment is made a voucher is made up in quadruplicate, one copy being sent to the reinsuring company as a bill, one being placed in the claim file and two being sent to the accounts department where one copy is kept to be used in following up collections of the amount and the other copy is used for putting the item on the books as a loss recovered from the reinsuring company. Similar credit vouchers are put through when loss refunds or salvage are received. In the case of treaty reinsurance, the reinsurance recovery vouchers act as the "final loss advices" mentioned above and the

(CONTINUED ON PAGE 24)

# Developments in British Reinsurance

(CONTINUED FROM PAGE 3)

23 years. It has developed extraordinarily but is very much the junior to the company market. [Lloyds non-marine market is the great market for non-tariff reinsurances. It is only through this market and the facilities it affords for reinsurance that the non-tariff companies are able to compete effectively with the great tariff offices for big business.] The ramifications of the great British insurance companies throughout the whole world has itself tended to make, indeed has made, London the entrepot, but it was, as it were, under the surface, among the companies themselves. Since the war this entrepot element has developed in another way. Foreign companies have sought direct representation in London, both for giving off reinsurances and for writing business from the British companies, this offering an alternative to the operation of the pre-war continental reinsurance offices on the one hand and to the immature British reinsurance offices on the other. Also, from this there arose, and has become virulent, the reciprocity idea, demand, and practice. These foreign companies that have come to Great Britain have in most cases the status of old established companies of reputation in their own countries. The problem of representation has in their case been solved very effectively and most interestingly.

## Foreign Representation Has Recently Developed

Within very recent years there have been established in London, firms which have specialized in the representation of foreign companies for reinsurance in the British market. These firms, in their foundation and their development have been entirely personal; their development has been identified with personal management—personality in all its aspects. There has been expert insurance knowledge from training in the old direct offices, and the element of rawness which has been a serious handicap to the new reinsurance companies has been countered in the firms by the fact that they had the compelling care that the interest and success of the firms were bound up with the interest and success of the companies they represented. The personality expressed in these half-dozen firms and the studious care with which they have been conducted is a very considerable factor in the development of the London reinsurance market in the last decade. There are over 100 foreign companies which are associates of the F. O. C. for reinsurances, practically all working here solely for reinsurance being represented by independent firms not by branch offices. In more recent years there has been a remarkable side-development of Lloyds activities. Lloyds brokers are not allowed to advertise and their functions are strictly limited. They can however form associate firms which can be as active and enterprising as they like. There have sprung up a number of such associated firms which are becoming a very important factor in the representation of foreign companies in the London market—these companies represented by firms with intimate Lloyds connections are, many if not most of them, associate members of the F. O. C. [Perhaps that is inexplicable in other countries, to you in the United States, but it is no more inexplicable to the Britisher than the fact that Conservative Liberal, and Labour (Socialist) ministers, bitterly as they will fight "in the ring" can meet in other respects on the most cordial terms.]

## Purely Reinsurance Offices Are Listed

The reinsurance companies and their associations are as follows, giving the date of establishment, the reinsurers name and the interested company:

- 1909 Anglo-Scottish, Century.
- 1919 Associated Reinsurance, Ltd., (Independent).
- 1908 British & European, British General (C. U. Group).
- 1919 London Associated, London Assurance.
- 1907 Mercantile & General, Swiss Reinsurance Co.
- 1919 Reinsurance Corporation, Yorkshire Insurance Co.
- 1919 Tariff Reinsurance, Phoenix.
- 1919 Treaty Reinsurance, London & Scottish; Century; London Guarantee, 1919 Victory.

(The Royal and the Commercial Union are understood to maintain a direct and friendly interest in the welfare of the Victory, but without special proprietary association.)

## Practically All Are Post-War Companies

Note the dates in the above list: they are practically all post-war companies. Two of the three instances of pre-war formation are nominal rather than effective for reinsurance purposes; the companies did not become active reinsurance factors until after the War: The Mercantile & General in 1916, the British & European in 1918; (the Anglo-Scottish was a very small internal reinsurance company of the Century).

Apart altogether from their association with particular direct offices, which are strongly represented in their administration (board of directors) these companies work actively in the open market for reinsurances under independent management. Individually and collectively they are a well-found group, with substantial capital and under management that recognizes the problems underlying sound management, and is steadily demonstrating its worth. In this connection a note may be made concerning what are the two leading companies. That with the largest premium income is an associate office of the Swiss Reinsurance and in its English management it reflects the qualities of the

great office; the other (the Reinsurance Corporation) is the one English reinsurance company that is under the management of a firm of reinsurance agents and managers—one of those forms that are particularly identified with the representation of foreign companies in the English market.

## Good Gains Shown In Last Year's Business

The group last year had a total premium income of £3,794,870 which is an increase of £207,404 on 1927, following an increase of £363,514 in that year. Seven-eighths of the business was fire and general, marine being kept down to a very small amount. All the companies at one time wrote marine business, but in the majority of instances it has either been entirely closed or has been reduced to a very small proportion. Only two of the companies have a considerable marine account, the London Associated and the Reinsurance Corporation.

Fire and general business last year gave a premium income of £3,353,256 this being an increase of £204,300 on 1927. The account has over a period of years shown moderate expansion, but it is probable that in great measure it arises on accident rather than on fire business. The development of the fire account is greatly hampered by the demand of the ceding offices for reciprocal business ("reciprocity") and this is tending to throw the companies more on to accident business.

## Profit Showing Though Not as Large

In the aggregate there was a profit of 2.6 percent on fire and accident business in 1928, as against 4.4 percent in 1927. There was a slight hardening in loss experience, losses accrued and contingent, i. e. after making provision for outstanding risks on a standard 40 percent reserve basis, were slightly higher than in 1927, giving a ratio of 63.4 percent against 62.3 percent; also there was a slight increase in the ratio of commis-

sions and expenses. The movement on a percentage basis, however, was very narrow. In all cases the business is conducted very economically, management expenses giving a general average of under 3 percent; commissions average 31.1 percent. All but one of the companies show an underwriting profit and the one which brings out a deficit shows an improved position compared with 1927.

## Marine Results Were Bad for the Year

Marine results were bad, but only in one case did they negative the profit from fire and general business, and result in a net underwriting loss on total business. Taking returns collectively losses on marine negated three-fourths of the profit from fire and general business, reducing the net profit to £19,400, which is equal to only 0.5 percent on the total net premium income of the year. That, however, left the investment revenue free as profit. This investment revenue (it does not include profits on realizations, or appreciation in market values) amounted to £137,272, equal to 3.61 percent of net premiums; it raises the total profit for the year to a ratio of 4.22 percent.

Eight of the companies are dividend paying. Dividends range from 5 percent to 25 percent; the latter rate however is exceptional and arises from the circumstance that the company has a very small paid-up capital—in respect of paid-up capital it is the smallest of the group but in respect of premium income it ranks third. The general average for the companies is 8 3/4 percent. Less than one-half the interest revenue is distributed in the dividend; only in one case does the dividend exceed interest revenue and it does so by the merest trifle. Between the net underwriting profit and the balance of undivided interest revenue £71,500 of the year's profit revenue accrued to surplus reserves.

The finances of the companies generally are strong. Underwriting reserves give a ratio of 62.7 percent to premium income, and they are supplemented by capital and free reserves equal to a further 44.5 percent.

## Reinsuring the Casualty Lines—By W. W. Greene

(CONTINUED FROM PAGE 7)

the underwriter to determine his reinsurance on each risk individually, there are now more and more cases in which the amount of reinsurance is determined, either exactly or within certain limits, according to the classification and amount of the policy or bond. Arrangements of this type present most convincing evidence of the ceding company's good intentions towards its reinsurer.

The fundamentals of sound management hold good throughout all enterprise. In casualty insurance it is becoming increasingly apparent that the executive personnel will most advantageously employ its efforts by concentrating upon "direct writing" problems, having entrusted the technical task of developing adequate and permanent reinsurance facilities to a company especially equipped to operate in the reinsurance field.

The casualty reinsurance companies have before them the opportunity to render an increasingly important service to the direct carriers. They, in their turn, will do well to concentrate upon this service to the primary companies, to the exclusion of forms of coverage which, in effect, constitute competition with the direct-writing field. The reinsurance companies which pursue their proper objective with singleness of purpose, should reap a reward in sound and consistent growth.

## Rapid Development Shown in Casualty Reinsurance Lines

An interesting picture of the development in casualty reinsurance is shown in the subjoined figures on 1915 and 1925 cedings by a group of companies representing about 75 percent of the business. The reinsurance totals are compared with total premiums for the various side-lines and the remarkable growth of the business as a whole and of certain side-lines in particular is clearly indicated. These figures were compiled by W. W. Greene of the General Reinsurance and have been frequently quoted, but they are worthy of reproducing. They are as follows:

Kind of Insurance	December 31, 1915			December 31, 1925		
	Reinsurance (1)	Net (2)	Ratio (1)÷(2) Pct.	Reinsurance (3)	Net (4)	Ratio (3)÷(4) Pct.
Accident .....	\$ 655,900	\$ 16,428,200	4.0	\$ 2,477,900	\$ 27,387,600	9.0
Health .....	376,500	6,935,800	5.4	895,100	11,138,900	8.0
Liability .....	162,800	28,969,500	.6	2,188,800	129,800,800	1.7
Compensation ...	101,900	19,210,200	.5	75,500	55,626,300	.1
Fidelity .....	423,500	5,598,800	7.6	7,828,000	32,844,800	23.8
Surety .....	1,372,300	13,219,000	10.4	14,278,300	57,521,000	24.8
Plate Glass .....	3,400	2,573,700	.1	3,800	12,941,200	.0
Burglary .....	682,500	5,428,300	12.5	5,598,000	34,287,700	16.3
Eng. & St. Boiler	77,900	8,500,500	.9	2,084,600	25,330,100	8.2
Auto P. D. ....	100	5,121,200	.0	78,800	35,486,800	.2
Auto Collision ...	.....	.....	.....	72,600	9,856,200	.7
Other P. D. and Sprinkler .....	53,100	431,700	12.3	447,900	4,127,400	10.9
Credit .....	.....	.....	.....	484,000	2,129,600	22.7
Total .....	\$3,909,900	\$112,411,900	3.5	\$36,513,300	\$438,478,400	8.3

The companies included in the above table are as follows:

1915—American Surety, Casualty Co. of Amer., Fidelity & Cas., Globe Indem., London & Lancashire, Natl. Surety, New Amsterdam Cas., Preferred Accid., Royal Indemnity, U. S. Casualty, Aetna Accid., Aetna Life, Commercial Cas., Continental Cas., Fld. & Deposit, Hartford Accid., Hartford Steam Boiler, Maryland Cas., Massachusetts Bonding, N. E. Equit., Southern Surety, Standard Accid., Travelers Indem., Travers Insur. U. S. F. & G., Empl. Liab., General Accid., London Guar., Ocean Accid., and Zurich.

1925—American Surety, Columbia Cas., Eagle Indem., Fidelity & Cas., Globe Indem., London & Lancashire, Metro. Cas., Natl. Surety, New Amsterdam Cas., New York Indem., Norwich Union, Phoenix Indem., Preferred Accid., Royal Indem., Sun Indem., United States Cas., Aetna Cas. & Sur., Aetna Life, Commercial Cas., Continental Cas., Fidelity & Deposit, Hartford Accid. & Indem., Hartford Steam Boiler, Indem. of N. A., Independence Indem., Maryland Cas., Massachusetts Bonding, N. J. Fld. & P. G., Standard Accid., Travelers Indem., Travelers Ins., Union Indem., U. S. F. & G., Employers Liab., Genl. Accid., London Guar. & Accid., Ocean Accid. & Guar., and Zurich.



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## Fleet Growth Versus Reinsurance

(CONTINUED FROM PAGE 8)

be further from the fact, because proper underwriting gets a far wider spread than the old-time treaties ever afforded in their most conservative days.

### Fleet "Reinsurance" Is Really Misnomer

No one has a greater admiration for our fire fleet, than I have. They, actually, give me a comforting thrill. They are rare factors in our economic advance and they can give, with their vast margins of safety in capital and surplus, the insuring public magnitude of cover such as no independent company, no matter how large, or a group of smaller companies, dare give. They'd have neither facilities nor courage to compete with the fleets. The protest I have, from a reinsurer's standpoint, against some of our fleets is that they step into a competitive field with the strictly reinsurer and offer "reinsurance" which is nothing of the sort. They provide a "wide open" treaty with "unlimited resources"—which no sane reinsurer or group of reinsurers would offer. The gesture isn't philanthropy. The gesture is predicated upon absorbing a newly born company and attaching it to the fleet, and the newly born hasn't a chance to survive as an individuality or to learn anything about underwriting.

### Chiefly a Matter of Premium Urge

The direct writers now engaged in this channel of the business do not care whether the premiums they receive are called reinsurance or pool participation or codfish. It is another way of getting volume which cannot be gotten through regular production sources. I think I voice—though I've issued no questionnaire to other reinsurers to put their protests in black and white—the sentiment of American treaty companies, strictly reinsurers, when I offer that there was a time, not long past, when the treaty reinsurer was an absolute need for the direct writer; and meanwhile the treaty companies staggered for years under heavy losses and never protested until matters became actually unsafe for them, the reinsurers. On the other hand, insurance is a business, not a welfare chest.

### Present Situation Is Not Permanent

Whoever is in the business of insurance must be prepared, even if unwilling, to face new conditions. So far as treaty reinsurance is concerned, the present flurry and falling off of treaties or treaty volume is by no means, in my opinion, final and conclusive as a wiping out of reinsurance and reinsurers. Far from it. There exist the old time independent companies, the newly borns, and those to be born who prefer to deal, under treaty relations, with independent reinsurers, or groups of them. One cannot kill old habits over night, unless there is a substitute, tried and true, at hand. And the human element dominates machinery because it built created machinery.

### Nature of Business Assures Permanency

I suppose that mentioning sentiment in business may incur a smile, but it has been mentioned before. So far as the strictly reinsurers are concerned they are in a class by themselves. It is rather a dignified if lonely occupation. I have yet to know of a competitive reinsurer attempting to "steal" a treaty of another company, and I have yet to know of any reinsurer ever libeling, in the slightest way, another reinsurer. I have yet to go to a competitive reinsurer and find myself denied opportunity to discuss the ins and outs of the business, as if we were partners. The greatest cordiality and frankness prevails. If an atmosphere and a business like that can be wiped out over night by fleets or

more fleets or less fleets, then somebody will steal the rock of Gibraltar over night.

### Reinsurance as a Service to the Agent and Insured

(CONTINUED FROM PAGE 6)

with one salesman in whom he has confidence. The insured knows the original company and the agent who represents it; he is not interested in the reinsurance connection; in the event of a claim, it is far more simple and satisfactory to deal with one company, rather than several.

Although legal reserve life reinsurance, as practiced at the present time, is of unusual benefit to client and salesman, it goes without saying that any large applications should be properly surveyed and submitted to the company on the basis of sound agency underwriting. An agent can often discover speculative hazards during his contact with an applicant for insurance and can save a great amount of his company's time and labor by transmitting the information as he finds it. This is also true with some classes of substandard risks. The honest, loyal representative can aid his company materially in these respects, thereby reciprocating the favor he is receiving in the form of extra reinsurance service.

In closing this picture which points out the manifold good the alert and thoughtful modern agent derives from a complete reinsurance service, it must be remembered that these advantages should be used only in a sound, constructive way to the proper development of a life insurance program. If abused, an unfavorable reaction is certain to occur, to the detriment of the whole institution of life insurance.

### Reinsurance Accounting and Statistical Aspects

(CONTINUED FROM PAGE 21)

accounts department use its copies of the vouchers at the end of the month to make up the loss bordereaux showing the amount of losses which will be deducted from the next payment of premiums. The reinsurance recovery voucher gives all necessary particulars of the claim and of the reinsurance cession under which the reinsuring company is asked to pay. If the latter does not agree with the amount it is being billed for, it takes the matter up with the ceding company and any adjustment needed is made by means of another reinsurance recovery or credit voucher.

### Reinsurers Operate Much the Same

Now a few words on the records kept by the reinsuring company. In the case of facultative reinsurance the handling all the way through of the reinsurance received is very similar to that of ordinary direct business except that all correspondence is conducted with the ceding company and all settlements of losses are made through the ceding company. Individual files are created in respect of each risk and individual policies or reinsurance agreements are issued. In the case of treaty reinsurance however the only papers received in respect of the business ceded to it are the bordereaux. These are checked to make sure that the terms of the treaty are being complied with and the bordereaux are used for the purposes of collection, records of business for taxation, unearned premium reserves and statistical purposes, etc. When claims are reported the advices are checked back to the bordereaux and are used as the claim papers. Sometimes particularly if the reinsuring company is a reinsurance company the ceding company

keeps for it such records as premiums by states, unearned premiums, etc.

The statistics kept in respect of reinsurance usually are fairly simple. Very little statistical experience is usually kept in respect of what might be called casual facultative reinsurance. The results of a treaty arrangement are, however, naturally of more interest. Both the ceding company and the receiving company will usually determine the loss ratio by classes of business at frequent intervals and the contingent profit statement made up as of the end of the year provides a review of the year's operations. If the receiving company is a reinsurance company it will probably follow up very closely the experience of the business it is receiving, for the reinsurance company has to make its accounts profitable. If an account is proving unsatisfactory the reinsurance company will want to analyze it closely in order to determine the bad spots in view to getting rid of these either by

an adjustment of the treaty or by a modification of the underwriting policy of the ceding company.

In bonding business where there is a good deal of reinsurance, a lot of which is placed facultatively, it is customary for both the receiving and ceding companies to keep track of the premiums and losses, not only as respects each company to which business is ceded or from which business is received but also by individual classes of business.

### Records Must be Subdivided by States

For purpose of taxation and reports to the various states, both ceding and reinsuring companies have to keep records of reinsurance ceded and accepted not only by the companies to which it is ceded or from which accepted but also subdivided by states in which the business is effective; also records of reinsurance business in force and reinsurance losses paid and outstanding.

## Fidelity and Surety Reinsurance

(CONTINUED FROM PAGE 2)

freely upon the theory that the volume will produce a profit is to court disaster.

The reinsuring of a bad bond is not the remedy for the direct-writing company, because by so doing it has not improved the quality of the risk. It has limited its exposure and at the same time it has limited its premium income. If company A reinsures a bad bond with company B, company B will in turn call upon company A to reciprocate, and in the long run the amount of liability, although distributed, is the same. The remedy for bad bonds is to control the agency organization and keep the issuance of obligations of this character down to a minimum.

### Must Closely Watch Certain Classes

As for policy risks, if a company decides to write a bond for policy reasons, if the premium, resources of principal and other considerations, in the opinion of the underwriters, adequately protect the surety, the bond should be written; if not, it should be declined. The reinsurer in accepting a portion of a policy risk accepts substandard business because the other considerations, apart from the premium and resources of principal, which prompted the reinsured to issue the bond do not follow through to the reinsurer.

The selection of business that a company with a large paid up capital and surplus has to offer is of poorer quality than the excess which is offered by a new company with a small capital and surplus and which, as a matter of policy, carries small exposures on all of its obligations. On the other hand, this might be offset by the fact that the underwriters of the new company are not as skilled and experienced as the underwriters of the older company, and the percentage of bad bonds will be higher due to an inexperienced agency force. The percentage of policy risks will, of course, be lower. In order to develop reinsurance relations with another company, the reinsurer has to accept reinsurance on policy risks and on bad bonds. Good judgment must be exercised by the underwriter to see that the offerings on these classes of obligations bear the proper relation to the acceptance of offerings of reinsurance on which the selection is of the better quality.

### Basis of Profitable Underwriting Given

Reinsurance of fidelity and surety bonds by a direct-writing company should, if confined to a reciprocal and facultative basis, be made profitable, provided the underwriter who accepts reinsurance offerings has all the general factors of reinsurance in mind.

A surety company which can carry as near to 100 percent of the liability of the amount fixed as a normal exposure

on carefully selected business, which controls the execution of the bonds by its agency force, which writes only policy risks where the premium, resources of principal and other considerations are sufficient to warrant the assumption of the entire risk, which will reinsure its excess over and above its normal retentions, and which will accept after careful selection the reinsurance offerings of other companies which fall within the classes of compulsory and voluntary reinsurance, will show the greatest underwriting profit.

Finally, no matter in what way reinsurance is applied, its ultimate purpose is to reduce the exposure of the reinsured. It is primarily an arm of a company's underwriting and not a part of its production machinery. It is a service and not a commodity.

### Big Policies in Life Insurance Underwriting

(CONTINUED FROM PAGE 18)

business executive than it can replace a husband or father. Its function is strictly limited to partial replacement of earning power and indemnity against actual, demonstrable, financial loss.

Any discussion of big policies would be incomplete without a reference to the unwholesome atmosphere with which very large applications seem to be inevitably and immediately enveloped. At once there is a sense of excitement and a loss of balance which does not conduce to calm judgment. There is almost always a sense of hurry and often a red sticker attached to the papers bearing the word "rush" instead of the more appropriate word "danger." The companies are at once impressed with the fact that the applicant is a very important and busy man who cannot spare too much time for routine medical examinations and who must not be worried with too much investigation in case he should be offended and apply for his insurance elsewhere. If policies are not immediately forthcoming for delivery within the time usually allowed for small applications it is at once pointed out that applications have been made also to other companies, some of the policies have been already delivered and that these other companies are offering additional policies to take the place of those not yet issued so that unless immediate action is taken the business (and the commission) will be lost. It is a sad commentary on the dignity of the life insurance business that such meretricious arguments have only too often been effective and policies hurriedly issued without even the routine careful consideration which would have been calmly and firmly insisted upon if the amount involved had been only a small fraction of the large application.



# Re-Insurance Corporation of America

*Treaty and Facultative Fire Reinsurance*

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Total Assets Jan. 1st, 1929, \$2,154,292.71

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Horace R. Wemple, *President*  
60 John St., New York

FACULTATIVE OFFICES

CHICAGO OFFICE  
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## JOSEPH FROGGATT & COMPANY, INC.

Specialists in All Branches of Insurance Accounting  
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### Facilitating Compliance With Insurance Department Requirements

*At this time of the year the Accounting and Statistical Departments of the various companies are beginning to anticipate the usual annual rush preparatory to getting out their Annual and Tax Statements.*

*We have helped many companies to so arrange their Accounting and Statistical Systems as to automatically provide the necessary figures for compliance with State Insurance Department requirements with practically no additional work.*

*We shall be glad to talk to you by appointment.*

JOSEPH FROGGATT,  
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CHICAGO  
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# REINSURANCE NUMBER

## GENERAL REINSURANCE CORPORATION

E. H. BOLES, President

CHICAGO

NEW YORK

SAN FRANCISCO

### FINANCIAL STATEMENTS

June 30, 1929

#### General Reinsurance Corporation

##### ASSETS

###### Investments:

U. S. Government Bonds.....	\$ 754,788.94
State, County and Municipal Bonds.....	688,037.50
Railroad Bonds and Stocks.....	2,460,507.50
Public Utility Bonds and Stocks.....	4,532,762.50
Miscellaneous Bonds and Stocks.....	2,723,446.25
Guaranteed Real Estate Mortgages.....	924,300.00

\$12,083,842.69

Cash in Banks and Office.....	454,152.96
Premiums in Course of Collection.....	749,607.74
Interest Due and Accrued.....	85,490.68
Other Admitted Assets .....	178,321.69

**Total Admitted Assets.....\$13,551,415.76**

##### LIABILITIES

Reserve for Losses and Loss Expense:	
Liability and Compensation.....	\$ 3,251,640.50
Other Kinds of Insurance.....	2,849,786.80

\$ 6,101,427.30

Unearned Premium Reserve.....	2,866,179.88
Reserve for Commissions, Taxes and	
Other Liabilities .....	561,199.95
Voluntary Reserve .....	750,000.00
Capital Stock .....	\$1,500,000.00
Surplus .....	1,772,608.63

Surplus to Treatyholders..... 3,272,608.63

**Total Liabilities .....**\$13,551,415.76

#### United British Insurance Co., Ltd.

##### United States Branch

##### ASSETS

###### Investments:

U. S. Government Bonds.....	\$ 634,075.00
State, County and Municipal Bonds.....	255,000.00
Railroad Bonds and Stocks.....	174,887.50
Public Utility Bonds and Stocks.....	170,345.00
Miscellaneous Bonds and Stocks.....	180,637.50

\$1,414,945.00

Call Loans .....	100,000.00
Cash .....	28,406.35
Premiums in Course of Collection.....	124,780.17
Interest Due and Accrued.....	6,944.97

**Total Admitted Assets.....\$1,675,076.49**

##### LIABILITIES

Reserve for Losses and Loss Expense....	\$ 30,700.29
Unearned Premium Reserve.....	145,404.54
Reserve for Commissions, Taxes and Other	
Liabilities .....	89,838.05

Capital per Sec. 28 N. Y. Insur-	
ance Law .....	\$800,000.00
Surplus .....	609,133.61

Surplus to Treatyholders..... 1,409,133.61

**Total Liabilities .....**\$1,675,076.49

The combined facilities of these two companies specializing in casualty, fidelity and surety reinsurance, are at the service of treatyholders who are benefited by their ability to secure admitted reinsurance of a most comprehensive nature.

## UNITED BRITISH INSURANCE COMPANY, Ltd.

United States Branch

E. H. BOLES, U. S. Manager

NEW YORK